

LOMBARD

Population path to eco-disaster

BY C. GORDON TETHER

THE DEBATE on the question of whether the world is going to be able to expand food production fast enough to cope with the growth of population tends to be dominated by two main propositions.

One is that there is really no problem at all seeing that, between them, market forces and technological advance should ensure that we can obtain all the additional food we need from capacity at present unused or under-utilised. The other is that these processes will not measure up to the immensity of the challenge—with the result that we shall arrive in the early years of the next century with 8bn. people who are much more seriously under-fed than the poverty-stricken one-third of our present 4bn.

There is, however, room for a third view—that the problem of providing food for all those extra mouths will never arise because ecological restraints and the inadequacies of our political and social modes of life are such that there is no chance of the planet being able to support such a population. And this is clearly set out in an article by Paul Ehrlich, an environmentalist who needs no introduction, and Mr. John Holdren, a professor of California in the current issue of the UN's Development Forum.

More serious

The article starts off by saying that one of the most frequently repeated "imbecilities" in the world today is that, in 30 or so years' time, there will be twice as many people living on the earth.

It then proceeds to argue that: "Although it may be theoretically possible at some time in the future to support 8bn. people temporarily, even the most casual examination of ecology and the smooth functioning of immense and complex ecological systems. And it goes on to claim that the collapse of earlier civilisations was basically attributable to their failure to come to grips with this fact of life when pursuing their development. The same mistake, it contends, would be destined to have far more serious consequences today."

Other equally feasible explanations for the non-survival of earlier civilisations can, of course, be adduced—for example, that the greediness of their ruling classes resulted in monetary abuses that hopelessly undermined their economic structures. But, returning to our own times, the Ehrlich-Holdren presentation is convincing enough when it turns to what it describes as "one of the best measures of the assault that humanity is making against the ecological systems that support it—the growth of energy consumption."

It does look very much as though, unless we can miraculously develop a source of cheap abundant power that is nearly "pollution free" (for example, solar or a much improved nuclear technology), the ecological consequences of trying to cope with a doubling of the population could be devastating. And as the article puts it, "those who believe that science will pull such a technological rabbit out of the hat at the last minute simply suffer from an inability to learn."

Pointing out that, in practice, technological rabbits tend to create more problems than they solve, the article concedes that, while it might be possible in theory to design a world which could accommodate 8bn. people by 2010 without precipitating a fatal collapse of its ecosystem, the theory would have to disregard "the realities of human behaviour." And there it is, obviously on firm ground.

On this ice

For who can seriously believe that a civilisation that cannot even be bothered to organise an adequate living standard for half its present people possesses the will and ability to give an adequate response to the enormous challenge.

Let no one imagine, however, that acceptance of the proposition that excessive population growth will provide its own cure through the "ecological repercussions" route enables us all to relax. That cure would come from a collapse of the life support systems which could take several horrific forms—the loss of ocean fisheries and the resulting elimination of a key source of protein, weather changes to which agricultural systems could not respond, the destruction of the "ozone shield."

One does not have to go all the way with the Ehrlich-Holdren theme to realise that our civilisation is skating on very thin ice.

RACING

Wollow looks a winner

WITH THE firm ground in his favour, the Italian-owned, English-trained and Sardinian-ridden Wollow is likely to prove too fast for the French pair, Marnado and Vitiges, in today's 2,000 Guineas (3.05) at Newmarket.

Wollow, who put the seal on his unbeaten two-year-old career when running out a clear winner in the Dewhurst Stakes, in which he forged clear of Malinowski in the final furlong to win by 11 lengths, could not have been more impressive on his reappearance in the Greenham Stakes 19 days ago.

In that seven-furlong Newbury trial, Wollow stormed through inside the final furlong to win, after having none too clear a run early on.

With only 17 in the line-up here, a good draw and the wide

expanse of the Rowley Mile course to manoeuvre on, Gianfranco Dettori should have little difficulty in finding a clear path for Mr. Carlo d'Allesio's I prefer last year's Glimerack winner, Music Boy, and Polly Peachum.

The last-named, who was approaching her best form when she finished third in Roman Warrior at Thirk on Saturday, is the selection.

Among the Newmarket crowd, which may be one of the largest in many years, will be a party of Playboy "bunnies" promoting the Playboy Bookmakers Handicap (3.40), in this 10-runner handicap, backers may do best with the Duchess of Norfolk's handmaid, Viktoria seven-year-old Traquair. He is reported to have come on a good deal as a result of his run in Kempton's Rosebery Handicap. Playboy Bookmakers offer Traquair at 4-1.

SALEROOM

BY DOMINIC WIGAN

Ten records at Amsterdam

AT SOTHEBY'S Mak van Waay in Amsterdam the sale began on Monday night of the famous collection of Dutch and Flemish paintings formed by the late Mr. van den Heuvel. It proved an extraordinary success, all the 104 paintings selling for a total of £1,689,286, well above expectations.

In all, there were ten new auction records for particular artists. The top price, and a world record, was the £134,694 (to which should be added a 15 per cent buyer's premium), paid by an English buyer for *The Interior of an Inn* painted in 1654 by Adriaen Jansz. van Ostade. The price was around five times the forecast. The previous best for this artist was £27,300 in London two years ago.

Other exceptional prices were the £97,959 (double estimate) for Salomon van Ruysdael's *Winter Landscape of 1661*; the £73,489 for *A River Landscape* by the same artist; £69,388, another auction record, for Roelant Savery's *Peasant Wedding* of 1615; £64,490, another world best, from the Swiss dealer Koetser, for Jan Jansz. van der Hayden's *View in a Dutch Town*; and £63,765 for Jacob van Ruisdael's *Swinging Road Leading into a Wood*.

In London, Sotheby's had another success with an auction of 19th century and modern prints, which totalled £1,099,737. The most impressive bid was the £209,000 (plus 10 per cent buyer's premium) by the American collector Strauss for Edward Munch's 1898 woodcut *Frauen Am Meeressufer*. Another high price was the £117,700 for Paul Klee's *Jungfrau im Regen*.

Another Munch, *Gegen Konstantin*, fetched £100,000. Other high prices were £85,000 for *Daphnis und Chloe* and £85,000 for *Klee Stadel der Cloren* for



Detail from The Interior of an Inn, which sold for £134,694.

£8,000. In contrast, a Picasso lithograph, sent for sale by the executors of the late Margaret Leighton, only managed £100 as against the £500-£1,000 forecast. There were some disappointments in the Sotheby's English porcelain auction, but a rare blue and white bowl and cover, made around 1750, probably by Lund's at Bristol, with a water-scape by the Three Dot painter, more than tripled its forecast at £1,300.

Elsewhere, on a very busy day, Christie's sold English drawings and watercolours for £27,050, a Rossetti drawing *Travelling Workhouse Boy* fetching £2,900.

£1,700, and an Archibald watercolour *Through the Snowy Coast*, making the same price. In an antiquities sale, an Egyptian black Steatite pair of statues of an official and his wife sold for £6,000 (three times forecast), and an Attic black figure Hydria more than doubled its estimate at £1,200. The auction totalled £82,638. Another interesting Christie's sale featured tribal art. It brought in £32,172, and a Kongo wood seated male figure from West Africa did very well to sell for £3,800. A Benin bronze hip mask of the 18th century realised £2,900.

GARDENS TO-DO

BY ROBIN LAM

Choosing jobs for the dry weather

THE LADYBIRDS like it, but vegetables not least broad beans, resort to my second at the drought, which has settled in the garden since last June. The flowers keep falling daily or every day, going to catch up with us in the long. "Nonsense," said the last, a non-gardener to whom I suggested a rain-dance after the fashion of the olden days. "Everything is growing," he said, "and the flowers and vegetables (see complete list of crops below). The greener and only you, you must wait for the rain. The plants can thrive without too much rain."

One has heard the same argument about the drought and there is no economy, and disbelieved. Nothing seriously wrong, some and so forth as particularly signs of growth, surprising subjects, is this a "com-fringe benefits (for ladybirds) list of crops" or not? I read foreign visitors, more mention this not to be effective use of resources, and chemical which seems to me really cannot think why the quite useful but as an example leaves keep falling daily or every day, going to catch up with us in the long. "Nonsense," said the last, a non-gardener to whom I suggested a rain-dance after the fashion of the olden days. "Everything is growing," he said, "and the flowers and vegetables (see complete list of crops below). The greener and only you, you must wait for the rain. The plants can thrive without too much rain."

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Sleepers

Lastly, my own job. weather. Changing the weather, I have, build new steps to take one flat expanse of the next. Now if there persists in a part water, which carries us through, useful to state the known exception, below, to mention a group surface, there is not very much of known success. If the ex to support production, I would, options have not yet been discussed, rather not think of the consequences, then these, and other quences of a dry May and June, similarly worded warnings are premature.

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Weedkillers

Putting my head back into this year's invitingly warm sun, I prefer to dwell on the dry weather's opportunities. Weeding is the most obvious. I think the same thought every year, but I do believe that this time I have beaten the ground, chickweed, annual grass and so forth, which usually come back at me by mid-June. First, hoe through all flower beds and pull up anything you do not want. When you have cleaned up last year's legacy, anticipate this year's by the convenient receipt weedkillers. These come in a puff-pack and really can be used against a future crop of annual weeds among any flowers and vegetables.

At least I think they can, from last year's experience and my imaginative interpretation of one of the silliest directions for use on a popular weedkiller's packet. Murphy's Ramrod worked very well for one year against annual weeds, though this year, particularly cheap, a 50p packet treating a mere 10 square yards of flowerbed; a second attack in June is necessary. I used it wherever I remembered to put it, and the weeds were killed, but herbaceous plants, edging the annuals once they had been planted out, and also among

Maybe you do not mind annual weeds, but I find the speedwell and the chickweed a persistent pest. I have tried a number of drawback, as you will no doubt have expected. Speedwell and the like have a habit of seeding themselves in and adjacent to the woody rootstocks of shrubs and herbaceous plants, and so forth. Ramrod actually on top of the crowns of these plants so I am left with small skirts of weed round certain border-plants. But it only shows up at the end of the year when their top growth is cut down.

Two other tips for dry weather. If you plant alpine plants, pots or trees or shrubs from their containers of black polythene, try to fill the hole which you dig for them with water and allow it to soak away before you plant them. On a heavy clay soil, I know, this is desperate advice: one can wait for days before the water drains. But this first watering, which saves hours of anxiety with the hose and watering can, applied inefficiently during a water-ban. Plants in pots or wrapped in plastic can still be planted at a later date, when the ground is happy of course. The prudent gardener, the man who is deeply offered by our n. planted out, and also among

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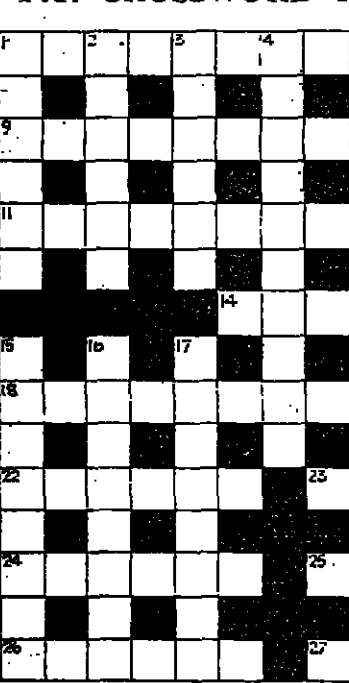
TV/Radio

↑ Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 9.30 For Schools. Colleges. 10.45 You and Me. 11.00 For Schools. Colleges. 12.45 p.m. News. 1.00 Pebble Mill including Family Advice. 1.45 Mary, Mungo and Midge. 2.00 For Schools. Colleges. 2.30 Day and Night. 3.30 Regional News (except London). 4.00 Play

F.T. CROSSWORD PUZZLE No. 3,065



ACROSS
1 Suggested by Victoria and Schaffhausen (8)
3 Put into it a hare (8)
9 Do four mix tea to get things going (8)
10 Bottle for artist in a restaurant (8)
11 Spirit makes the Marines not so foolish (8)
12 Racheles around although it falls flat (6)
14 Get near wetbub to be bullied (10)
18 Got the wind up? This will show you how much (10)
22 "Drink to me only with thine eyes, and I will with mine" (Jonson) (6)
23 Reckon one thousand in condition (8)
24 One of the Seven Sages (8)
25 Support a county to withdraw (4, 4)
26 "The horned moon with one bright star within the tip" (Coleridge) (8)
27 Waistcoat intended, we hear, as ceremonial robe (8)

DOWN
1 Expense of a diplomatic representative? (8)
2 Expressions of disapproval about alternative coaches (6)
3 A composer's tanglers (8)
4 Sounds as if the Conson is paying for the conspiracy (4, 6)

School. 4.25 Astronaut. 4.30 Academy. 4.45 Country Search. 5.03 John Craven's Newsround. 5.10 Seven Little Australians. 5.40 Magic Roundabout. 6.45 News. 6.50 National. 6.55 The Wednesday Film: "Mr. Ten Per Cent" starring Charlie Drake. 8.10 Survival. 8.15 News. 9.00 Party Political Broadcast on behalf of the Liberal Party.

BBC 2

6.40 a.m. Open University (UHF only). 10.35 Nai Zindagi Naya Jeevan. 11.00 Play School. 11.10 News. 11.20 Play School. 11.30 News. 11.40 Play School. 11.50 News. 12.00 Play School. 12.10 News. 12.20 Play School. 12.30 News. 12.40 Play School. 12.50 News. 1.00 Play School. 1.10 News. 1.20 Play School. 1.30 News. 1.40 Play School. 1.50 News. 2.00 Play School. 2.10 News. 2.20 Play School. 2.30 News. 2.40 Play School. 2.50 News. 3.00 Play School. 3.10 News. 3.20 Play School. 3.30 News. 3.40 Play School. 3.50 News. 4.00 Play School. 4.10 News. 4.20 Play School. 4.30 News. 4.40 Play School. 4.50 News. 5.00 Play School. 5.10 News. 5.20 Play School. 5.30 News. 5.40 Play School. 5.50 News. 6.00 Play School. 6.10 News. 6.20 Play School. 6.30 News. 6.40 Play School. 6.50 News. 7.00 Play School. 7.10 News. 7.20 Play School. 7.30 News. 7.40 Play School. 7.50 News. 8.00 Play School. 8.10 News. 8.20 Play School. 8.30 News. 8.40 Play School. 8.50 News. 9.00 Play School. 9.10 News. 9.20 Play School. 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OVERSEAS NEWS

Israeli Cabinet
likely to clash

JERUSALEM, April 27.

DOWN within the our settlements. We consider government appears his decision an error which he on the future of Jewish will ultimately regret. The Cabinet discussions come at a crucial time for Israel in its relations with the residents of the occupied West Bank. Mr. William Scranton, the American ambassador to the UN, has made a speech before the UN Security Council in which he challenged the legality of existing settlements and the annexation of East Jerusalem.

viet visits

an Correspondent
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a 'to renew Golan
rights mandate' claim

TEL AVIV, April 27.

esident Hafez Assad
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The Lower House of the
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Assad previously
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stantial concessions at
Israeli leaders said
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Haaretz said the

anon to elect new
sident on Saturday

BEIRUT, April 27.

IANESE Parliament
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successor to right-wing
Suleiman Franjeh was
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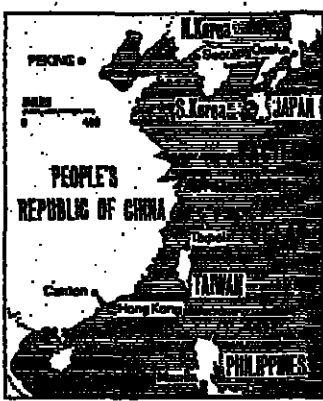
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o-one else flies so often to Rome and Milan and
you so much once you arrive. Alitalia offers you
services to 8 Italian cities from London - plus direct
Rome and Milan from Manchester.
eally convenient flight times and good connections
extensive internal air and rail routes.
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Alitalia
Means business in Italy

Alitalia means business in Italy. Alitalia offers you services to 8 Italian cities from London - plus direct Rome and Milan from Manchester. Really convenient flight times and good connections extensive internal air and rail routes. Over 50 offices in Italy to help if you have a change of plan; up-to-date information and instant on confirmation too. Best car hire and hotel booking service. Jet Drive: Self-drive car packages available from airports. Social plan with 30 Jolly Hotels, giving up to 20% on their normal tariff. Termo packages in Rome from around £9.00 e passing through on long-distance flights. If you mean business in Italy choose the airline es it easy.

Charles Smith, recently in Taipei, describes the political noose tightening around Taiwan



TWO THINGS have changed in Taiwan since Generalissimo Chiang Kai-shek died a year ago at the age of 87. University students are no longer putting up wall posters and chanting slogans calling for "recovery of the mainland." And the Generalissimo's widow, believed by some people to be one of the richest women in the world, has gone to live in the U.S.

What has not changed is that Taiwan has one of the most successful developing economies in Asia, able apparently to shrug off both the effects of the oil crisis and the questions which outsiders ask about its future. Both the balance of payments and the recent behaviour of prices have been much better in Taiwan than in South Korea, the other fast developing industrial economy in East Asia. Taiwan may even match Korea's growth rate this year—the official forecast is that GNP will rise by 6.4 per cent—although in the past couple of years the Government has put much more emphasis on price stability than on expansion. But anyone who goes to Taipei is bound to come away wondering how long it can go on and, in particular, what will happen to the economy when the next big change occurs in the island's political status.

Withdrawal

It is not too difficult to guess what that change will be. The U.S., although it obviously cannot afford to say so publicly, has now clearly resigned itself to Taiwan eventually reverting to China from Peking and is accordingly, considering the terms on which it should withdraw its embassy from Taipei. The matter is not being hurried, particularly while Peking is immersed in its own leadership problems, but as in some other instances of American withdrawal from awkward or embarrassing commitments, it is already evident that it will be tackled by stages.

Stage one, which becomes a possibility at any time after the next year or so, would be the formal closure of the embassy in Taipei and the conversion of the existing U.S. liaison office in

Peking into a full scale embassy. Stage two, after a discrete interval, would eventually be an extension, perhaps gradual, of Chinese authority over the island of Taiwan. The remaining, and important, questions are how much time will elapse between the two stages and how Taiwan will conduct its Government and its relations with the outside world during the interval. The evidence that is available suggests that both the U.S. and China agree that the transition period could be fairly lengthy.

The U.S. has obvious reasons for taking its time. Washington quite obviously does not like to see governments which it has propped up for the past 30 years disappearing overnight. There is also the dilemma of what to do about the American economic involvement in Taiwan which is very considerable: \$470m. of cumulative total of \$1,000m. On the Chinese side there are practical considerations as well as considerations of face to be taken into account. The latter demand that Taiwan should explicitly be recognised to be a part of the China over which the Communist Government in Peking exercises the only legitimate authority. The first, practical, set of considerations demands that the status quo on the island be disturbed as little as possible.

The main foreign policy priority of the Chinese is to resist the encroachment of the Soviet Union around their frontiers. The second priority, Asia Relations Association, though this is not demonstrable,

A prosperity
without
prospects

may well be to cement relations with the U.S. It would be in line with both these priorities for China to allow the economic and political status of Taiwan to remain undisturbed for a while—and for it to permit the Taiwanese to maintain some unofficial links and contacts with the outside world.

The manner in which these contacts might be maintained is suggested by the example of Japan which "normalised" relations with China in 1972 but has continued to be Taiwan's second biggest foreign trade partner. After the U.S., and one of its biggest sources of foreign investment, Japanese direct investment there had reached a cumulative total of \$215m. at the end of last year. Japan nowadays conducts its relations with Taiwan through an Interchange Association which occupies the buildings of the former Japanese embassy in Taipei—and is still known as the Japanese embassy by taxi drivers.

Tokyo office

The Association is staffed by 12 full time officials who have "retired" from the Ministry of Foreign Affairs, the Ministry of International Trade and Industry, and other government departments. It has not admitted to having official contacts with the Taiwanese Government or with the ministries in Japan from which its members are drawn. But there is a head office in Tokyo which is presumed to be in touch with the Foreign Ministry, and Taiwan has a similar organisation, called the East Asia Relations Association.

anyone is very greatly worried at this stage about the prospects of Taiwan becoming a nuclear power. But the island has an electricity industry which has committed itself heavily to nuclear power generation (scheduled to account for half of generating capacity by the mid-1980s) and could be stranded without supplies of enriched uranium, from the U.S.

Low posture

As a by-product of American "normalisation" and of the opening of the "interim" stage in Taiwan's reversion other countries, and particularly European countries, may become a little more certain of how they stand vis-à-vis Taiwan and China. Most western countries have adopted an exceedingly low posture in Taiwan since the majority of them set up full embassies in Peking in the early 1970s, and since the Peking government took over the Chinese seat at the UN. Britain, after closing its Taiwan consulate in 1972, retained an almost invisible representation in the form of a representative of the Confederation of British Industries in Taipei who was concurrently a staff member of the local office of Jardine Matheson.

West Germany, Spain, and other western countries have "cultural institutes" in Taipei. All these representatives have found themselves busier over the past two or three years as the Taiwanese economy has continued to flourish despite diplomatic defeats, and some are now gradually raising their posture. Britain now has an Anglo-Taiwan Trade Committee with a full-time British executive and its own office, although the committee firmly denies any official status or connections with the British Government. General Electric (U.K.), which has a successful record of trading with China, and whose chairman is the president of the Sino-British Trade Council, carried off a \$70m. railway electrification contract in Taiwan last year. ICI, which stayed out of Taiwan for years while its American competitors went in (and frequently traded with China at the same time) is now investing in a Dulux paint plant, and a chemical factory on the island.

Peking
radicals
firmly in
power

By A Special Correspondent

PEKING, April 27.

A LINE-UP of the new Chinese leadership (including Chairman Mao's wife, Chiang-ching), prominently displayed on the front page of to-day's official Peoples Daily, indicates that the radicals within the Central Committee of the Chinese Communist Party have held firmly onto power since the climactic overthrow of former acting Premier Teng Hsiao-ping.

The picture is significantly the first of the party hierarchy to be published following the overthrow of Mr. Teng on April 7.

The accompanying list of "leading comrades" is headed by China's new Premier Hua Kuo-feng, now First Vice-Chairman of the Party. The young Shanghai radical Wang Hung-wen, though no longer hair apparent to Chairman Mao, takes number two position followed by Chang Chun-chiao, Chiang-ching and Yao Wen-yuan.

All four of them are party radicals though the recent anti-Rightist campaign and political turmoil in Peking this month have cast some doubt over the current political leanings of one of their number, Mr. Chang.

The new line-up may take the opportunity of May Day for a public show of unity and a further calculated display of the order of prominence in which the post Teng leadership is placed.

The picture was taken during a reception for army and militia personnel described as having gloriously performed meritorious exploits for the party and people during the rioting in Tien An-men on April 5.

Tien An-men square is now undergoing a major spring clean for the celebration of May Day on Saturday.

Sydney Morning Herald

Diet expected
to ratify
N-treaty to-day

The Lower House of the Japanese Diet will almost certainly vote to ratify the nuclear non-proliferation treaty to-day, six years after the treaty was signed by Japan. This, however, does not mean that ratification of the NPT will necessarily become a reality for Japan this year because it also has to pass the Upper House of remain "on the table" for 30 days during which the Diet is in session—conditions unlikely to be fulfilled at present.

Reuter reports that the Japanese Cabinet approved a new draft Bill for revising the Atomic Monopoly and Fair Trade Law for presentation to the Diet. Sources noted, however, that the new draft was contained in a previous Bill which failed to pass the Diet last year.

Angolan visit

The Nigerian Federal Commissioner for External Affairs, Colonel Joseph Garba, is in Angola for talks with government leaders on the evolving southern African situation and on bilateral questions between the two countries, reports Jane Bergeron from Luanda. The Federal Government has grown increasingly critical of U.S. policy in Africa and has been one of MPLA's strongest supporters.

Islamabad talks

India and Pakistan are to hold talks in Islamabad soon on the resumption of diplomatic relations which were broken in the war over Bangladesh in 1971, writes K. K. Sharma from New Delhi. Also to be discussed are agreements on resumption of air services including overflights, rail and road links and related subjects. This major breakthrough in the four-year-old impasse was announced yesterday in New Delhi by an official spokesman who indicated that the talks would be at the level of Foreign Secretary.

Ganges dispute

An Indian delegation flew to Dacca yesterday for talks on the disputed sharing of Ganges river waters, reports Reuter. Officials made clear that India did not intend to compromise on the operation of the Farakka Barrage.

Indian oil

India's Petroleum Minister Mr. Malaviya told Parliament that offshore exploration along the Western coast is being increased since prospects are excellent.

Jakarta agreement

On production sharing companies have agreed that reduction of their profits will be effective as of January 1 this year, the Minister of Mining said in Jakarta yesterday, reports AP-DJ.

Recovery falters

Business expectations of a continued recovery in economic activity in Australia during the March quarter failed to materialise according to a survey by the Australian Chamber of Commerce and the National Bank, reports AP-DJ from Canberra.

Tokyo optimism

The National Economic Research Institute predicted the Japanese economy will show slight growth during 1976 and a "mini-boom" in the first half of 1977, reports Reuter from Tokyo.

N. Zealand deficit

New Zealand's current account balance of payments was in deficit by NZ\$815m. in the year to end March 1976, (\$995m. deficit), Reserve Bank statistics show, reports Reuter from Wellington.

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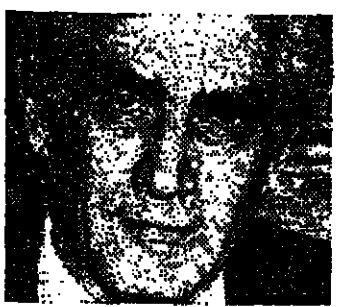
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EUROPEAN NEWS



Alvaro Cunhal

PORTUGAL to-day finds itself as sorely divided as at any time during the two tumultuous years since the armed forces put an end to half a century of right wing dictatorship.

Prophecies that Sunday's legislative elections would fail to produce a clear mandate for any of the major parties have been borne out—as have forecasts that the political leaders would swiftly return to the bickering that has characterised so much of their past performance.

The emphasis has been placed on declaring whom they will not be prepared to govern with—although some sort of coalition will have to be formed if the legislative assembly is to have any relevance as to Portuguese political life.

"The Socialists, after a certain amount of equivocation, have now fallen back on their original position that they will not form coalitions with anybody," Dr. Soares does not exclude the introduction of some "independents"

After Sunday's inconclusive poll, Paul Ellman in Lisbon looks at

The booby traps that lie ahead for Portugal



Jose Pinheiro de Azevedo

and military men into a Socialist Cabinet, but he knows any close relationship with the Communists would split his party right down the middle.

Despite the olive branch held out to the Socialists Dr. Cunhal has made it clear that the "Portuguese Communist Party does not exist to support the policies of other parties." Looking at the remarkable performance his party has put up, Dr. Cunhal noted that the sharpest improvements had come in areas affected by the agrarian reform programme and in the country's industrialised regions.

Obviously those who have been affected by our policies are pleased with them," he commented.

Spectrum

At the other end of the spectrum, the two major right wing parties, the Popular Democrats (PPD) and the Centre Democrats (CDS) have clearly failed in their attempt to establish a new centre of gravity. For Dr. Sa Carneiro, the result must be particularly disappointing and there is considerable doubt as to whether either he or his party will ever be able to recapture their footing in Portuguese politics.

For the CDS leader, Professor Freitas do Amaral, the result is a bit of a mixed bag: his party succeeded in doubling its vote, but failed to break the 20 per cent. barrier which would have put it among the big battalions.

The chances of Admiral Pinheiro de Azevedo, the Prime Minister, holding his team together look extremely slim. The prospects of its finally pushing through any of the badly needed measures that must be taken to cope with Portugal's growing problems, are slimmer still.

By any standards the problems which have piled up over the past two years are enormous: inflation heading past the 50 per cent. mark and likely to hit 100 per cent. some time this year; the country's foreign exchange reserves to all intents and purposes gone; unemployment running at 20 per cent. and the ranks of the poverty-stricken refugees from the former African colonies in danger of swelling to 1m. by mid-summer.

Portugal's politicians have given themselves a set of constitutional arrangements which in many ways resemble a booby-trapped house which they now propose to enter. The President will enjoy similar broad powers to his equivalent under France's

Fifth Republic but will to a large extent have to gain the approval of the Revolutionary Council of the armed forces for his acts. The Revolutionary Council, at the same time, can oblige the President to veto any legislation which it does not consider constitutional.

Given that the Constitution also obliges any Government which might be formed to replace the present Cabinet to set

about the task of building Socialism through such measures as workers' control, the pressure on the next President, and through him on the Revolutionary Council (of which he will be chairman), are likely to prove intense, notably since the Communists have already promised a fierce campaign to ensure that its provisions are adhered to—a campaign which the left-wing of the Socialist Party can be

expected to support. The new period of political instability which threatens to engulf the country will clearly require a president able to act swiftly and decisively—a quality which the current head of state, General Costa Gomes, known locally as "the cork," has shown few signs of possessing.

President Costa Gomes is believed to want to continue as head of state but so far has failed to attract any support from either the military leadership or the civilian parties for his candidacy. Under the present situation, he is believed to hope that the crisis will be so intense and so prolonged that the presidential elections will be postponed and he will be allowed to carry on simply in order to avoid splitting the military themselves.

The only declared candidates so far are Admiral Pinheiro de Azevedo, the Prime Minister, and Brigadier Pires Veloso, the conservative commander of the northern military region. Admiral Pinheiro de Azevedo has attracted the support of the Socialist Party for his candidacy. Pires Veloso has been publicly endorsed by the Popular Democrats. Given the PPD's poor showing, however, he may well decide to go back on his decision.

Waiting in the wings is the General American figure of General Galvao de Melo, the flamboyant air force officer and Olympic horseman who belongs to the Centre Democrats and who, indeed, played a Spiro Agnew-like role during the CDS election campaign, thereby allowing Professor Freitas do Amaral, the party leader, to project a more sober image to the party's right wing constituency.

Since the kind of political crisis Portugal is about to embark upon is likely to bring back memories of France's Fourth Republic, the country might be said to need someone like Rene Coty, the "unknown man," at the helm and someone reluctant to act too forcefully. Instead, it is likely to get a President with the powers of De Gaulle but too heavily compromised by his party's backing to appeal to the nation as a whole over the heads of the political leaders.

The military leadership, not least General Ramalho Eanes, is known to be deeply concerned about the respect of the Presidency becoming the focal point for the next clash of political passions and could well try to produce a

candidate of the armed forces in the hope of avoiding a stalemate like the one which emerged in the legislature which a man with weak ties in the country could be tempted to wield his powers autocratically.

With the scene set for next crisis but one—the Government will be formed after the present ruling ship has finally sailed—those who are becoming increasingly impatient with the political process are becoming increasingly impatient with the political process.

Nevertheless, those men the Revolutionary Council fought long and hard to military to continue to play a central role in Portuguese politics were having difficulty concealing their glee at the prospect of a new stalemate. It is, in the end, the great tragedy of the country since it was supposed to pave the way for Portugal's first freely elected civilian Government in 50

How the voting went

Parties	Votes	%	Deputies
Socialist	1,887,180	34.97	106
Popular Democratic	1,296,452	24.07	71
Social Democratic Centre	839,782	15.91	41
Communist	785,620	14.56	40
Popular Democratic Union	91,383	1.69	1
Popular Socialist Front	41,954	0.78	—
Movement for the Reorganization of the Party of the Proletariat	36,237	0.67	—
Leftist Socialist Movement	31,065	0.58	—
Christian Democratic	28,226	0.52	—
Portuguese Monarchist	28,163	0.52	—
International Communist League	16,235	0.30	—
Portuguese Communist-Marxist-Leninist	15,801	0.29	—
Workers-Farmers Alliance	15,671	0.29	—
Revolutionary Workers	5,182	0.10	—

ELIGIBLE VOTERS: 4,481,352
VOTES CAST: 5,396,112 or 83.26 per cent.
Note: Four deputies will be elected to represent Portuguese emigrants abroad. Results from these voters are not expected before May 5.

Dutch banker warns on inflation

By Michael Van Os

AMSTERDAM, April 27. ALTHOUGH the world economy is showing a cyclical recovery, inflation has yet to be effectively tackled, Dr. Jelle Zijlstra, President of the Dutch Central Bank, said here today.

He said that only in terms of production volume had the most serious economic decline since world war II come to an end. "But whereas unemployment disappeared quite quickly in the previous period of cyclical decline, it is now to be feared that high unemployment figures will last for much longer," added Dr. Zijlstra, who blamed the high rate of inflation for this.

He noted that this year's estimated price rise for the developed industrialised countries, at about 7.5 per cent., was now back to the level of the eve of the big oil price rises. He pointed out that the persistence of inflation as well as unemployment was not accidental.

German demand falls off

BY NICHOLAS COLCHESTER

BONN, April 27.

THE MARCH IFO test of the West German business climate shows a cloud on the economic horizon in that the growth of consumer demand, whose steady development has helped GFR real sales against the previous year fall in March to 2.5 per cent. Nevertheless the mood in manufacturing industry has become brighter still with a general rise in its export expectations.

In the retail sector the rise in real sales against the previous year fell in March to 2.5 per cent. leaving the average rise for the first quarter at 4 per cent. real and 8.5 per cent. in cash terms. Sales for short-life goods actually declined in March after stagnating for the previous two months. Sales of consumer durable goods were maintained but this was mainly due to the continued boom in the motor car business. Deliveries of radio, television, gramophones and cameras were notably fewer while the sales of furniture picked up.

Meanwhile, in industry itself the upswing has continued un-

broken. The most remarkable situation exists in the motor industry where orders, already accounted for five months of production and where delivery bottlenecks are reported. The weakness in industry lies in the capital goods sector—particularly in machinery—where the recovery is taking place only very gradually. But there is optimism here, partly on the strength of export hopes. Indeed the whole of the manufacturing sector is expected rising sales abroad, suggesting that the recent rise in the Deutschmark has not made German industry non-competitive.

The IFO report also contains some asides about prices that suggest a threat to the price stability that is so confidently predicted for West Germany. The number of price increases announced in March by manufacturing industry was up on the previous two months. At the same time there is talk of price rises across a broad spectrum of consumer durable goods in the coming months and expectation

of an upward trend in prices of groceries and food. After the unions have settled for such restrained pay increases in Germany this year, an acceleration in the rate of consumer price inflation could prove an embarrassment for the Government.

Swiss deficit

Switzerland said yesterday that it suffered a budget deficit of Swiss francs (\$890m) in 1975, nearly three times higher than expected. The Government blamed the shortfall on the general recession with income from sales tax down because of lower consumer spending.

Polish trade

Expansion of Austro-Polish economic and political co-operation is to be discussed during the five-day visit of Polish President Henryk Jablonski, who arrived in Vienna yesterday, reports Paul Lendvai. Poland, has become Austria's main trading partner in Comecon.

Agreement on EEC scheme to compensate

By David Curry

BRUSSELS, April 27.

COMMON MARKET countries have at last agreed on the details of the complex mechanism to compensate countries which find themselves paying too much into the EEC kitty in terms of their growth rates and economic status. The British Government demanded such a mechanism when it embarked on negotiations two years ago and a formula was worked out by Heads of Government at the Summit Meeting which finally tied up negotiations in Dublin in March last year.

However, it was only last week that senior officials of member States reached agreement on a regulation which formally embodies the compensation system. This was after a period when there were serious worries that France was determined to make life difficult in translating the Dublin Declaration into a precise instrument.

Interpretation

France originally insisted that the Dublin formula be followed in the strictest possible detail, right down, for example, to whether GNP or GDP should be used in the calculations, while Britain and the Commission wanted a slightly more flexible interpretation. The French finally dropped their objections after securing a few technical concessions that should not have any great effect on the overall arrangement.

The final version will be put into effect by Finance Ministers in May. Although it was designed at British insistence to compensate for U.K. over-payments into EEC funds, the only possible candidate to benefit from it in the next few years would be Italy. Officials think there is a chance that Italy may qualify for rebates this year.

In order to qualify for compensation, countries have to show that their per capita GNP is less than 85 per cent. of the community average; that the rate of growth of GNP per capita is less than 120 per cent. of the EEC growth rate; and that their total payments to the Budget including customs duties and farm levies made over to Brussels is more than 10 per cent. higher than the contribution would have been had it been a simple calculation based on GNP.

Criteria

Even if all these criteria are met countries must, in addition, be net payers into the EEC Budget. This condition, for example, excludes Ireland which would meet the first three conditions but which is a net recipient from EEC funds. There is, in addition, a limit on the amount of compensation which can be paid.

The amount to be repaid is related to the difference between actual payments by the country to EEC funds and the payments which would have been made according to GNP criteria only. Commission calculations made at the time of renegotiations indicated that if the U.K. were disadvantaged to the tune of £50m. units of account (at current exchange rates) rather than fixed budgetary rates, she would get back some £60m. units.

It seems unlikely that the U.K. will in fact stand to receive any compensation before 1978 when it is hoped to introduce a market valued unit of account for budgetary purposes instead of the present pre-Smithsonian calculation which benefits countries with fixed exchange rates.

In practice Italy and the U.K. are the only candidates for compensation.

Opposition to Moro government solidifies

BY DOMINICK J. COYLE

ROME, April 27.

THE COMMUNISTS (PCI), Socialists and the smaller Social Democrats have now confirmed formally their opposition to the minority Christian Democrat Government of Prime Minister Aldo Moro, thus seemingly eliminating any last remaining possibility that the Italian administration can secure its crucial confidence vote in Parliament this week.

Contrary to earlier expectations, Premier Moro does not now intend to make his confidence speech until late in the afternoon. While the Communists and the Socialists have decided to downgrade the whole Parliamentary affair by putting in deputies rather than party leaders to answer the Prime Minister.

The neo-fascist MSI is also calling for early elections, and the decision of the MSI to still be crucial. Yet this theoretical possibility of the Government getting through the confidence motion is based on a combination of virtually all potentially favourable circumstances, and any such result would carry no real political conviction in present circumstances. It remains possible, of course, that Premier Moro, following his speech to-morrow, could even offer his Government's resignation, without a vote.

Over the expectation here to-night is that the Prime Minister's speech will, in effect, be

his last before the present Government, and that new elections will take place in June. Basis of results in last regional elections, and an opinion poll, since then, the Italian Communists, who now command support of one in three electorates, are expected to make further gains, emerging from fresh tensions as the country's single party.

However, the most opinion poll results have over the past few days, suggest a considerable degree of confusion in the mind, and in one case show three out of every 10 electorates are still undecided.

The polls, commissioned by the Christian press agencies and the Times, L'Espresso and L'Unità, show the Communists ahead almost 35 per cent. against the government; and marginally under 10 per cent. for the Socialists. The figures are based on two of the three samples. The lira, meanwhile, recedes to-day some ground lost in the dollar, the Milan stock exchange, however, remains better than yesterday.

The improvement attributed to the decision to Finance Ministers to offer a further loan facility.

Details of EEC loan

BY DAVID CURRY

BRUSSELS, April 27.

THE DECISION OF EEC Finance Ministers to make new financial aid available for Italy required will put some 1.7m. units of account of short-term assistance at Italy's disposal. Italy already has borrowed some 1.68m. from EEC Government in the form of medium-term borrowing: 400m. short-term from the U.K., as well as 510m. raised in the market place under Joint Community Guarantee.

As well as the new short-term assistance, there is theoretically around 550m. units of account of medium-term assistance available from member Governments under the ceiling for this form of finance. This is assuming that the British would not be prepared to contribute their quota of 600m. units of account, while it must also be doubtful whether the Irish, themselves borrowers of money under guarantee, would chip in.

In addition, the EEC still has the scope to raise a further \$700m. on the market under Community Guarantee under the original scheme which set a \$80m.

ceiling on money raised in this way. Italy has already received \$15m. in medium-term financing from this mechanism. Whether it would be practical to have to resort to this scheme again would depend on market conditions and on the willingness of the Community countries to use the technique again.

Originally Italy received some 1.58m. in short-term borrowing. This was converted into three-year lending last year with the exception of Britain's 400m. contribution which remained on a short-term basis because the Treasury wished to have it available at short notice.

The ceiling for short-term borrowing is now 2.7m. units of account, but since Italy's own quota must not be discounted and the effective ceiling is around 1.7m. The catch is that there is no limit on borrowing under the medium-term ceiling to allow a big new consolidated loan to be

Iran plans to withdraw \$200m.

PARIS, April 27.

IRAN, hit by slumping oil prices, has already received a special loan account of 1.5m. dollars from the French Government. Informed sources said to-day.

The Iranian Government the money, part of a \$2m. loan which has been agreed to under a 1974 agreement to finance its development programme, the \$2m. added. Several hundred million dollars have already been sent.

The withdrawal is a new to the Bank of France's currency reserves, already sorely depleted by heavy intervention to support the falling franc since then.

Arias faces crucial test to-day

BY ROGER MATTHEWS

MADRID, April 27.

SENOR CARLO ARIAS, Spain's Prime Minister, will go on television to-morrow evening to make a speech that, while not vital to the political future of the nation, is almost certain to be crucial to his own career.

Authoritative Government sources said this afternoon that Sr. Arias had not revealed the contents of his speech to any of his Cabinet colleagues. He had asked their advice but had not gone further than this "in order to avoid divisive discussions."

Only King Juan Carlos is believed to know the Prime Minister's intentions and he is reliably learned to be anxious to replace Sr. Arias. Sources close to the king say that he would like a referendum to be held before the end of June, but had been told by the Prime Minister that this was not possible for "technical reasons."

The referendum, if and when it is held, will be basically designed to seek popular approval

for the monarchy and for reforms aimed at creating a two-chamber Parliament with the Lower House elected by universal suffrage.

Sr. Arias would prefer to move rather more slowly than the two or three reformist Ministers in the Government are urging and has been relying heavily for advice from former Cabinet colleagues rather than members of his present team. A powerful anti-Arias lobby has been developing within the regime during the past two months. This lobby includes the reformist Ministers in the Government who argue that Sr. Arias remains more faithful to the memory of General Franco than he does to the more modern image which the king is trying to promote.

If the Prime Minister chooses to make an indecisive speech to-morrow night that once again fails to spell out a precise programme of political reform, it is certain that pressures against him will mount. What is less

clear, however, is how the king will replace him should Sr. Arias decide to fight King Juan Carlos, buoyed up by popular success of his visit to Andalusia and by the endorsement of his father, Don Juan, understood to be ready to force more actively in the arena while still trying to retain his objective of acting as a constitutional monarch.

Madrid's best-selling news magazine Cambio 16, forced by the regime to remove a planned article because it called for the resignation of Sr. Arias and the king, said this also was the wish of King Juan Carlos.

Meanwhile reactions to week-end elections in Portugal have been mixed with right commentators in the Press saying that the results are a real indication of division and confusion, and left wing commentators claiming that they demonstrate the maturity, good sense and democratic sentiments of the Iberian Peninsula.

City Investing reports on 1975—operating results and future outlook

As anticipated a year ago, 1975 was the year in which the nation's economy began its recovery from the most severe recession in three decades.

Gradual improvement in its economic environment enabled City Investing to report successively higher operating earnings quarter by quarter during the year. For the full year, however, City's operating income from continuing operations totaled \$35.3 million, 25% lower than the \$47.1 million earned in 1974.

Including net investment gains, discontinued operations, and the effects of an accounting change, net income rose 31% to a total of \$45.5 million, compared with \$34.7 million in 1974.

City's performance

We view City's performance during the recession as creditable. Our property and casualty insurance underwriting and housing operations, in common with their respective industries, are recovering more slowly than other segments of the Company, but investment income of our insurance opera-

tions continues to grow and the manufacturing group achieved its second best year in earnings.

Strength and resilience

Income from The Home Insurance Group's investment portfolio is City's largest single source of income and one that has increased each year.

The \$65.1 million reported for 1975 was 6% higher than that for 1974. This foundation for City's income and the diversity of our manufacturing businesses provide the strength and resilience needed during economic downturns.

Not all of City's manufacturing enterprises escaped the effects of the recession, particularly certain of those located abroad. Others, however, including two of our largest, achieved record earnings.

Having met the tests of two recessions without reducing dividends, and with greater basic strengths to meet the future, we are confident that our manufacturing, housing and insurance operations can be superior performers.

Investment priorities

We believe that the best measure of a company's true economic

value is its return on invested capital. While we are presently emphasizing the reduction of intermediate-term debt over new investments, we are concurrently studying the return on capital of each segment of our Company to determine future investment priorities.

We expect this focus to produce positive results over the next several years.

The results accomplished in 1975, although disappointing in comparison with our peak years, confirm the validity of the plans upon which City was developed.

The concept of our organization has not been revised, nor do we plan to modify it radically in the foreseeable future.

The future

Looking to the future, we expect the economic recovery to extend through 1976 and beyond.

Our domestic and international manufacturing operations should benefit from the recovery, and we expect to participate in a turnaround in housing and the insurance business.

Cordially,

Carl H. Scharffenberger
Gen. T. Scharffenberger
Chairman and Chief Executive Officer

March 8, 1976

For a copy of City Investing's 1975 Annual Report, contact Jerome Hanan, V.P. City Investing, S.A., Stockenstrasse 38, 8002 Zurich, Switzerland.

Financial Highlights (In Thousands)	1975	1974
Total Revenues	\$2,104,882	\$2,132,570
Operating Income From Continuing Operations	35,281	47,060
Per Common Share—Assuming Full Dilution	1.05	1.37
Net Income	45,497	34,682
Per Common Share—Assuming Full Dilution	1.35	1.02
Average Shares—Assuming Full Dilution	34,997	35,485
Total Assets	\$3,938,015	\$3,779,276

(Excerpted from 1975 Annual Report)

HOME NEWS

Power generating industry
Firms win acceptance

OSON

Management in generating industry has been accepted by 65,000 people, agreement on the Plowden industry's future, that the industry is a single entity, are virtually there should be of devolution of individual operating station and depot.

OWN

awkins, chairman has finished con- sidering the power- ward's employees. At there was con- sideration had been given its plan for following public. The Report three

Nger RUC likely
Rees denial

FAST CORRESPONDENT

MENT appears to be about the of the Royal Army in sensitive. Mr. Merlyn Ireland Sec- in denied claims roop withdrawals. nial IRA strong- Belfast. Evidence d yesterday when churty confirmed JC would take new types of icles better able terrorist attacks present lightly- d that both types rial. Three per- made by Short Northern Ireland n, and an initial placed for four vehicles. This is conversion with a il. "We are con-

al wrangle over
ehouse trail

JMENTS over the allegations against eohouse occupied ey for more two his trial in its No- ed yesterday. or Walsall North duster denied 21 rrgery, theft, con- fection after in- 74 when he dis- Miami Beach. a strong defence out five charges, ust him at the out, which allege to deceive leading manies over life 125,000 taken out f his wife, Mrs. ouse, before he

was sworn in last hat. Mr. Michael uring counsel, can two-day opening against Mr. Stone- 0, and his former s, Sheila Buckley, denied six charges deception. is expected to last court rose there

orporation role

DONE, INDUSTRIAL STAFF

TON, chairman of ational Oil Corpora- night that the Cor- d have to play a big ling which of the s Sea oilfields were r developing. He discussions on this d begin with the s in the next few

leal of faith, devo- ousness" would be eced with the pro- rary. Firth oil oil companies could that the present re operating below me cases at 60 or 70 their potential. on, was speaking at

st over power plant delays

IGN from Clarke roller-making plant met Mr. Eric Varley. Industry last night bout delays in the on ordering pro- apman blamed the n it announced the workers at the division at Gates- have to be reduced ly by redundancy. employs about 1,600 he redundancies are by June. Management and entatives joined the the House of d were led by Mr. possible to enable a decision to land, MP for Gates- A spokesman said:

"I am disturbed that there is not more action," he said. "After all the industry has done its part in co-operating with the Plowden Committee."

Demand for electricity has fallen during the past year for the first time in many years and is now running at between 1 per cent. and 2 per cent. lower than 12 months ago. None the less, Mr. Hawkins said he was hopeful that the CEBG would be able to show a net overall surplus of some £15m. for the year ended March 31. That figure, he added, was after the industry had made its contribution to the Exchequer in the form of £280m. interest charges. The fact that the industry has remained profitable in spite of the downturn in power demand owes something to a reduction in its total manpower brought about in agreement with the unions. With this record behind it and the prospect of a more following public, the industry administration just ahead if the main Plowden recommendations

are implemented, the industry is anxious that the Government should not drag its feet over putting the Plowden recommendations before Parliament. Mr. Anthony Wedgwood Benn, the Energy Secretary, has promised to bring a Bill before Parliament this year for restructuring the industry. The CEBG staff is arguing that the Government must produce a draft Bill very quickly if union and management conferences are to have a fair chance of debating and considering the proposals—in accordance with Mr. Benn's ideas on open consultation—before the

Crass-roots discussion of the Plowden Report has gone on in the industry at local level through the Local Advisory Committees on which unions, staff and management are represented. The feedback from those talks has been that indication of the industry into a single structure out of the present pattern of the Electricity Council, the CEBG, and the 12 Area Boards, is generally acceptable to the staff. Very few, if any, jobs would be lost by such a structural change. But a number of people would have to accept changes in their responsibilities and perhaps physical moves. The mood is that such an unsettling period should be kept to the minimum time possible and should be carried through with as little delay as possible.

tinually looking at ways in which policemen can be better protected from bomb and gun attacks. The three personnel-carriers, which hold eight men, are to be used in dangerous Border areas and will replace vehicles at present on hire from the Army. The Police Authority has confirmed the issue of a small number of Army-type self-loading giffes to policemen serving in vulnerable stations. A Government working party examining the role of the security forces is soon to report to Mr. Rees, and is expected to recommend ways of strengthening the RUC. Mr. Rees, who was meeting security forces representatives in London, said that he thought the West Belfast and South Armagh were not areas in which the primacy of the police could be achieved.

was a scene when Mr. Stonehouse sought an adjournment for two weeks on the ground that he had "realised last week that it was being made into a political trial," and intended to conduct his own defence. The judge told him to make the application after the charges had been put to him and when Mr. Stonehouse persisted in speaking, told him sharply: "You will either sit down, or you will be taken below and will stay there until you decide to obey the directions of the court." Later, he said that he needed time to study a tape recording of his statements in Australia to the Victoria State Police, which had only just reached him. The judge ruled that as this was not part of the prosecution case there was no ground for an adjournment. People in the public gallery were put through a security check after a man with a foreign accent telephoned the Old Bailey to say that Mr. Stonehouse might be shot when he entered the dock. Nothing suspicious was found, and City police treated the call as a hoax. Both Mr. Stonehouse and Mrs. Buckley were granted bail. Mr. Stonehouse has left the Labour Party and joined the English National Party.

the opening of an exhibition entitled Highland Focus at the Design Council, Haymarket, London. It sets out to show the manner of industrial growth and technology in the Highland region. Many companies associated it with the Highlands, including BP, Shell, Esso, British Aluminium, Wimpey and Highland Fabricators have contributed material and finance to the exhibition. Mr. Murdoch Nicholson, chairman of the Highland regional council, stressed the advantages to be gained by industrialists moving up to the Highlands: oil, deep water, suitable sites, a stable and intelligent workforce and maximum co-operation from the local authority.

"Management and unions are united in deploring the delays in the ordering programme," the Babcock and Wilcox is also affected by the delays and have protested that the lack of CEBG orders is threatening the team built up at its Renfrew boiler plant. Last week, Mr. Leslie Huxford, making his first speech after taking over as the new Parliamentary Under-Secretary at the Department of Industry, referred to the problem and said the Government was fully aware of the serious implications for the companies concerned. "We are doing everything possible to enable a decision to be reached within the next few months," he said.

S & N to launch
own lager brand

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SCOTTISH AND Newcastle is "as strong as Tennents and Breweries, fifth largest U.K. will sell at the same price."

A spokesman insisted there was no question of a rift between S & N and the Harp consortium which had been kept fully in the picture from the start about Cavalier. "We believe there is room for both brands," he added. At present, there are no plans to sell Cavalier in England. And the introduction seems not to have affected S & N's plan to introduce to Scotland later this year the Kronenbourg brand which the Harp company is brewing under licence in the U.K.

Sales up
Carlsberg, the lager brand owned by United Breweries of Denmark, has increased sales by nearly 30 per cent. in the six months to the end of March, said Mr. Michael Macdonald, managing director of Carlsberg Distributors, yesterday.

As a result, it has increased its market share, he maintained at a reception to mark the opening of CD's new £1m. warehouse and office complex at Willemsden, Carlsberg, brewed at Northampton, has around 13 per cent. of the U.K. lager market, compared with the 28 per cent. controlled by Bass Charrington's two brands, Tennents and Carling Black Label. Harp's 24 per cent. Skol's 16.5 per cent. and Heineken's 15 per cent. Skol comes from Allied Breweries and Heineken is brewed under licence by Whitbread.

However, now it is to test market its own lager, called Cavalier in the Grampian television area. The test market will be through the "free" (or non-brewer owned) outlets as well as the S & N managed pubs. In Scotland itself, four out of every ten pints of beer consumed are of the lager type and the market leader is Tennents, said Bass Charrington. S & N said last night that its new brand

Shipyard orders rise sharply
but workless problem remains

BY OUR INDUSTRIAL STAFF

SHIPYARDS saw a big increase in orders in the first three months of this year. But the ordering pattern will do nothing to lift the gloom which surrounds the industry.

The gross tonnage of new orders in the January-to-March period, at 51,500, was more than double the level for the corresponding months of last year, according to figures released to-day by the Shipbuilders' and Repairers' National Association.

Most of the new work was placed with Austin and Pickersgill, the Wearside yard, which yesterday announced a further three orders for its successful standardised 5D-14 cargo vessels.

The company, with five 5D-14 orders in the first three months, accounted for 45,500 tons of the total shipyard intake.

The association acknowledges that most of the first-quarter orders were placed with only two or three yards, and points out that the total is well below the volume of work required to maintain full employment in the industry.

The total order book for British yards, excluding naval work, at the end of March was dramatically lower than 12 months earlier. Orders stood at 235 ships of 3,955m. gross tons, with an estimated current value of £1,046m., compared with 358 ships of 5,563m. gross

tons, valued at £1,353m.

The gloomy figures from the association underline the problems confronting the Government, which plans to take the industry into public ownership by the autumn.

Governments throughout the world are trying to alleviate the problem of surplus shipbuilding capacity precipitated by the tanker surplus and economic recession. Without an influx of new orders, some British yards must start running down labour before the end of the year.

Talks between the Government and shipowners to encourage them to place more orders with British yards continue.

Aerospace corporation
'must be adaptable'

BY LORNE BARLING, INDUSTRIAL STAFF

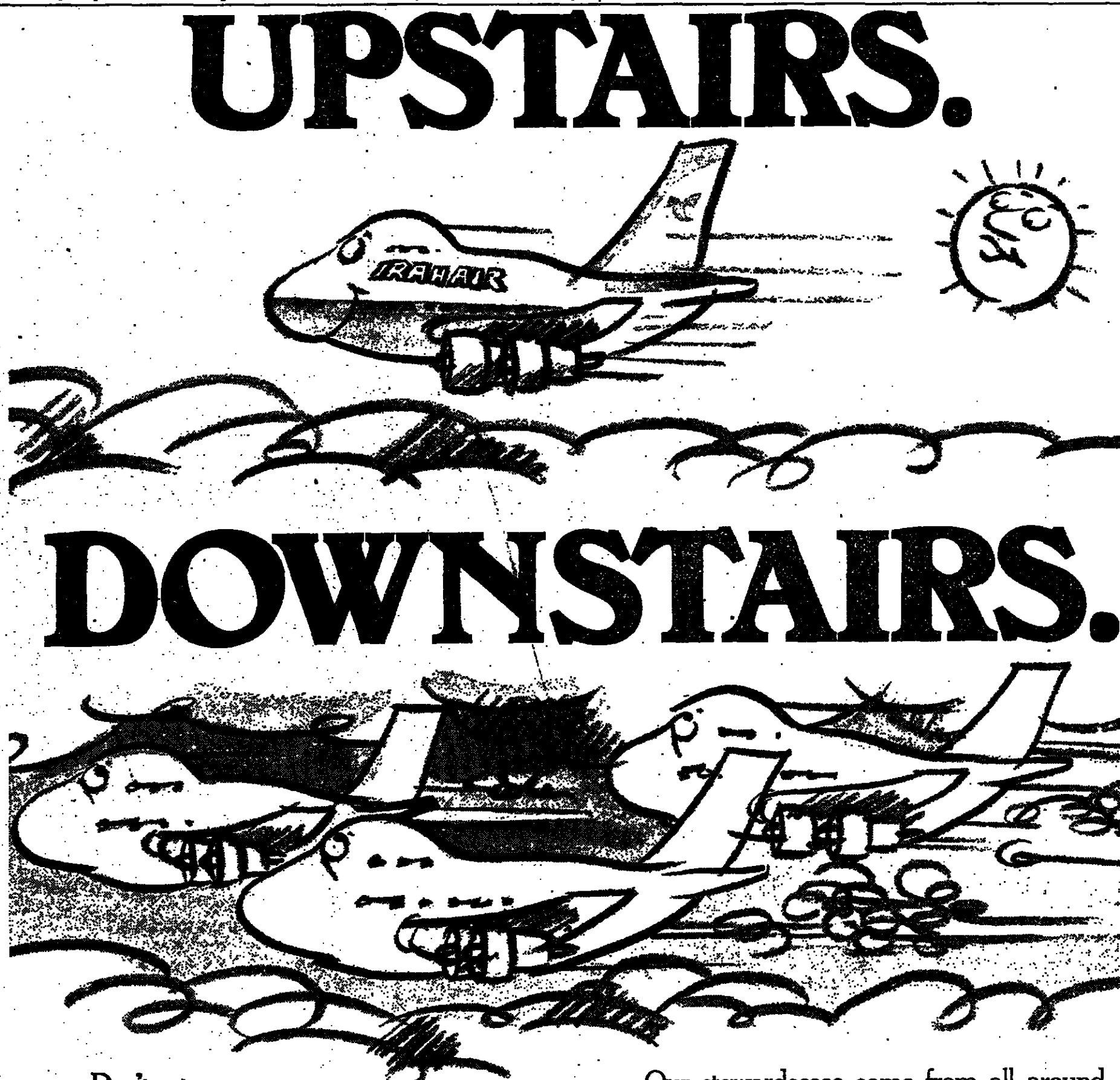
THE NEW British Aerospace Corporation, which will be vested in the autumn, must be a cohesive yet adaptable organisation if it is to succeed in a very competitive world market, Mr. Allan Greenwood, its future deputy chairman, said yesterday. Mr. Greenwood, now chairman of the British Aircraft Corporation, said that public ownership of the four companies concerned presented a great challenge to the industry and required harmony with the Government. He told BAC apprentices at Filton: "I hope that we may increasingly discover ways in which all of us may feel ourselves more fully involved in the business of our company and bringing it to greater prosperity." The industry had always been faced with the need for change, in technology, in marketing, and meeting changing political climates.

Loan for U.K.
gas pipeline

A loan equivalent to £17.3m. has been granted to the British Gas Corporation by the European Investment Bank to help finance a pipeline across southern England to carry North Sea gas towards the South West.

The loan, for eight years at an interest rate of 9 per cent., brings to £55.1m. the total finance provided by the EIB for major gas transmission projects in the U.K.

The pipeline will run over 200 miles from Wisbech, Cambridgeshire, to Dorset.



Don't get us wrong.
This isn't a plane for the privileged few.
It's the Boeing 747SP. A new generation of Jumbo.

And beginning May 1st, Iran Air will be the only airline flying it London, New York.

This 'Special Performance' Jumbo, although just as spacious inside, is shorter, lighter and more powerful.

So it flies faster. And higher.
A mile higher than ordinary Jumbos.

Way above the normal air routes.
Way above the rough weather.

That means your flight is more comfortable.
But apart from being able to offer you the best Jumbo in the air, we think you'll find our service a cut above the others too.

Our stewardesses come from all around Europe, as well as Iran.
So the chances are wherever you come from there'll be a welcome from home.

Our food is fresh on every flight.
Although some dishes are Persian and made from recipes thousands of years old.
Our entire plane is decorated in luxurious Persian style. And in our 'Persian Room' in first class we'll give you a cuppa you won't forget, hot from a traditional samovar.

And when you arrive at Kennedy our special terminal facilities will speed you on your way.
So the next time you're flying to New York, stop and ask yourself this: why take a 747, when I could take a 747SP?

THE NEW 747SP TO NEW YORK.
YOU'LL ARRIVE FEELING LIKE YOU'VE HARDLY LEFT THE GROUND.

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IRAN AIR

There has been a marked trend towards the specialist parcels services and competition is hotting up as the market gets smaller. Arthur Smith reports.

Decline of the general carrier

2,000m. parcels would be forced to switch to other carriers; the Union of Post Office Workers, who expressed fears of a total run-down of the service; and out-spoken opposition by the Post Office Users' National Council (POUNC) has caused pause for thought.

The underlying concern is that the "hawks" within the Corporation, who can point out that parcels have made a profit only once in 21 years, might be in the ascendancy and pressing for a major cut in operations.

Refusal

Force is given to this view by the refusal of the Post Office to provide details of how traffic declined in response to two tariff increases last year or how big a drop the present proposal would cause. The POUNC describes the cloak and dagger attitude of the Corporation as "utterly unacceptable."

The State-owned National Freight Corporation has also run into difficulties on its rail-based parcels operations. NFC, one of the largest freight operators in Europe, was established under the 1968 Transport Act and has struggled ever since to achieve profitability in the rail-oriented small parcels company, National Carriers—formerly the British Rail Sundries Division.

Considerable progress has been made—only £42.5m. of the £60m. grant the Government made available to cover losses in the first five years of operations was taken up—but the current economic recession has hit traffic. In 1974 about three-quarters of NFC's £12.3m. loss was due to National Carriers.

Though most of the 60 or so companies within NFC are trading profitably, the Corporation is expected to report a record loss of £30m. for last year and the Government has made available £8m. in emergency grants to overcome the immediate financial problems.

Studies of ways in which the Corporation can eliminate its deficit are under way, but at this stage NFC is steadfastly refusing to say what they might involve. The Treasury, with the approval of NFC and the Department of the Environment, has appointed consultants to examine the financial state of the undertaking, and any recommendations must inevitably pay serious attention to the problem parcels sector.

The market for parcels and packages is declining—from 2,060m. in 1976 to an estimated 1,917m. in 1981. Discussing the changes that are also taking place, Sir Daniel Pettit, the chairman of NFC, says: "There is less and less scope for dealing with a parcel as a parcel."

The trend is firmly against the general operator in favour of the specialist. The retailing revolution, which has seen ownership of outlets concentrated in fewer and fewer hands, has contributed to major changes in distribution philosophy. Gone are the days when the norm was for manufacturers to offer their products to a general freight operator who would deliver to hundreds of high street shops.

Transport is now an integral part of the marketing strategy. Stocks have to be kept to the minimum, speedy and flexible delivery is at a premium, and goods have to be presented in the desired packs and quantities. In a fiercely competitive sector, the operator able to identify market trends and respond quickly will reap the rewards.

Unfortunately for the freight specialists, it has been the "own account" sector which has seen the most rapid growth over the past decade or so. Manufacturers and retailers, because of the scale of their operations, have chosen to establish their own transport networks and now account for around 70 per cent. of the parcels market.

But the private sector tends to "cream off" only the most profitable trade. A company will set up its own operations to handle the concentrated traffic flows between the major cities

but where delivery is required to remote areas will usually rely on the Post Office.

Until the latest proposed tariff increase, the Post Office probably carried around 10 per cent. of the parcels transported in this country, with private freight operators holding a similar share of the market. NFC is the next major carrier and British Rail Express Parcels Service holds perhaps another 3 per cent.

An often repeated demand is for the rationalisation of parcels operations within the State sector. POUNC in its comments on the proposed tariff increase has stressed the need for a Government inquiry into the operations of the competing public sector parcel services.

Similar

A similar line was taken by the Select Committee on Nationalised Industries in 1972-1973, and the Government replied in August, 1974, and again in the recent transport consultative document, that the matter is still receiving attention.

One opponent of the merging of activities is bound to be Sir Daniel Pettit, who maintains that it is an illusion to suppose that grouping companies into bigger units will necessarily produce economies of scale, reduce overlap and waste, and improve profitability. "The key



unit in freight transport is still likely to be small and responsive to intimate and direct management control and to employee involvement, and dedicated to individual client and customer needs."

This is the policy he has tried to follow in recent years with NFC's two principal parcel companies, National Carriers and BRS Parcels, recently revamped as Roadline U.K.

Identifying their particular strengths, the two companies have pursued separate marketing policies. Roadline, which is road-orientated—though parcels will be transferred to rail for the long haul—offers a high-speed quick delivery service between the main centres of population.

National Carriers, provides a nationwide small freight service

but with the emphasis upon reliability and regularity. Sir Daniel recognises that in time Carriers' customers will also demand speed and that market separation for the two companies will be more difficult.

In recent years studies have taken place and are continuing to identify important traffic flows and see to which service they are best suited.

It was discovered that many "parcels" in both companies were clothes being delivered to shops. In response a specialist service "Fashionflow" has been introduced by National Carriers to transport the clothes, not as individual packages, but still on hangers and racked for bulk delivery. Extra facilities are offered but NFC gets an improved profit margin.

houses might be necessary to offer efficient and competitive services would need a sizeable injection of capital.

The interesting point about Sir Daniel's view of the parcel market is that, if it prevails, then the trend will not be towards the further integration of activities by British Rail, the Post Office and NFC, but towards specialisation with each of the carriers defining more clearly the traffic for which they are best suited.

This solution would lay responsibility on the Post Office to negotiate its own terms of reference with the Government. The case could be argued that, if the Government wants the Corporation for social reasons to continue to offer unprofitable delivery services to remote areas, then compensation should be paid. This is no doubt one of the issues which the Carter Review into the Post Office will be considering.

Separate

"Fashionflow" is operated by National Carriers but such rationalisation is made more difficult by the fact that the bulk of Roadline's workers are members of the Transport and General Workers Union, while the majority of Carriers' employees belong to rail unions. To separate traffic for specialist treatment may appear to be favouring jobs in one company or one union at the expense of the other.

With constraints, and particularly at a time of recession when traffic is down, the rationalisation of NFC's parcel services can only be gradual. However, at some point it will be necessary to come to grips with the basic problem of National Carriers—its legacy of outdated warehousing and equipment.

But to provide Carriers with the nucleus of perhaps 30 modern fully-equipped ware-

Putting social responsibilities to one side, there is certainly no doubt among the large scale users of the Post Office parcel service that the Corporation could have a large and profitable market. About 40 per cent. of the Post Office's present parcel business is on a contract basis. According to POUNC, which claims to have "considerable confidential evidence," many of the contracts will not be renewed when they expire. Instead, firms will turn to other carriers, set up their own transport operations, or find ways of reducing their despatch level.

There is the obvious danger, as traffic falls and heavy fixed overheads have to be maintained, that the parcels service could move into a downward spiral of unprofitability.

For great, little reasons.



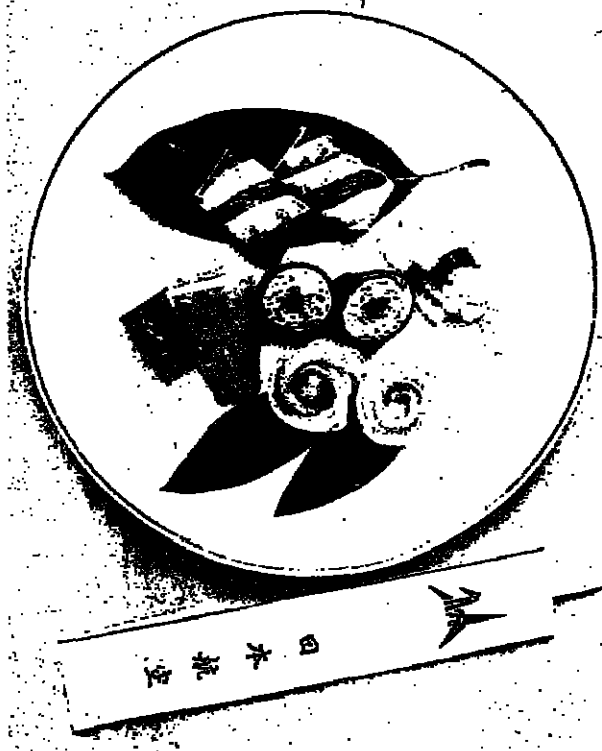
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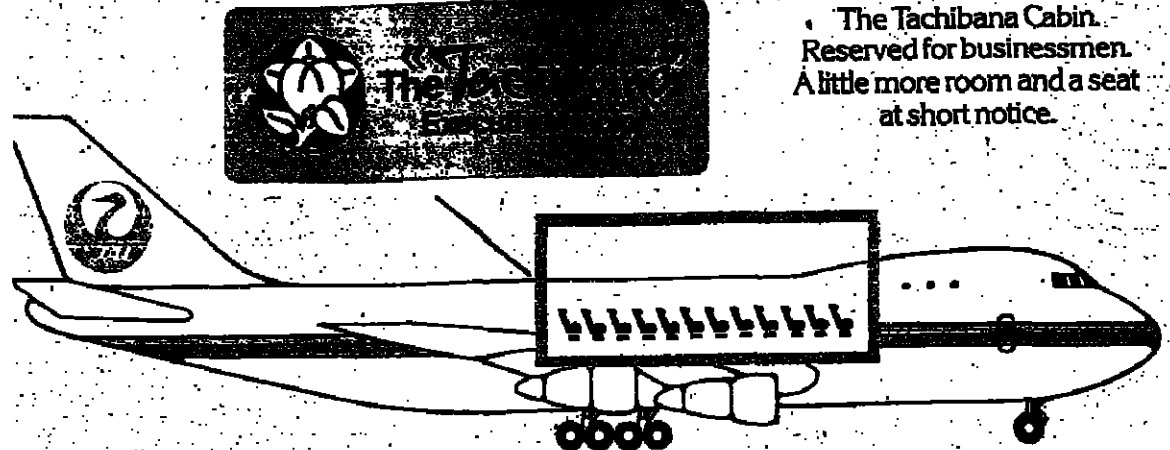
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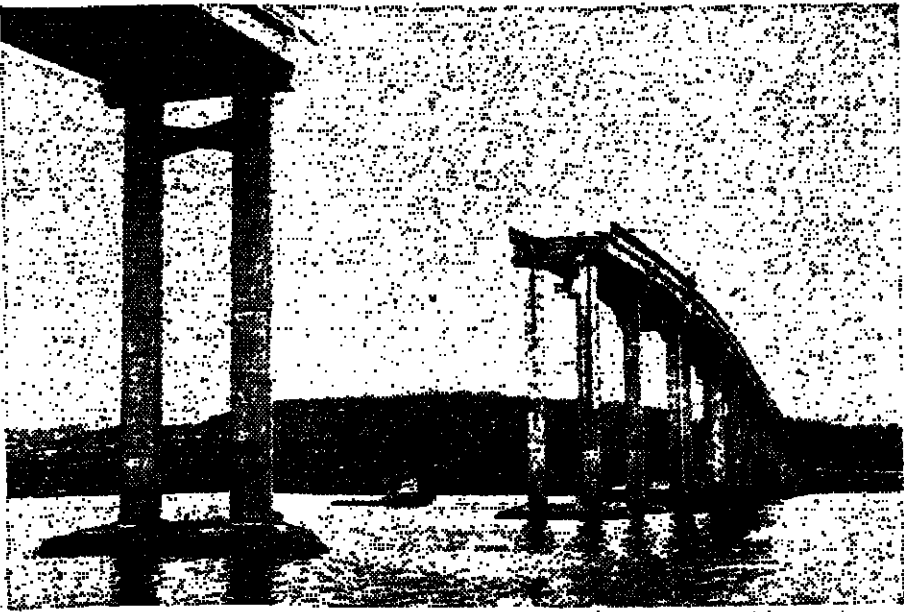
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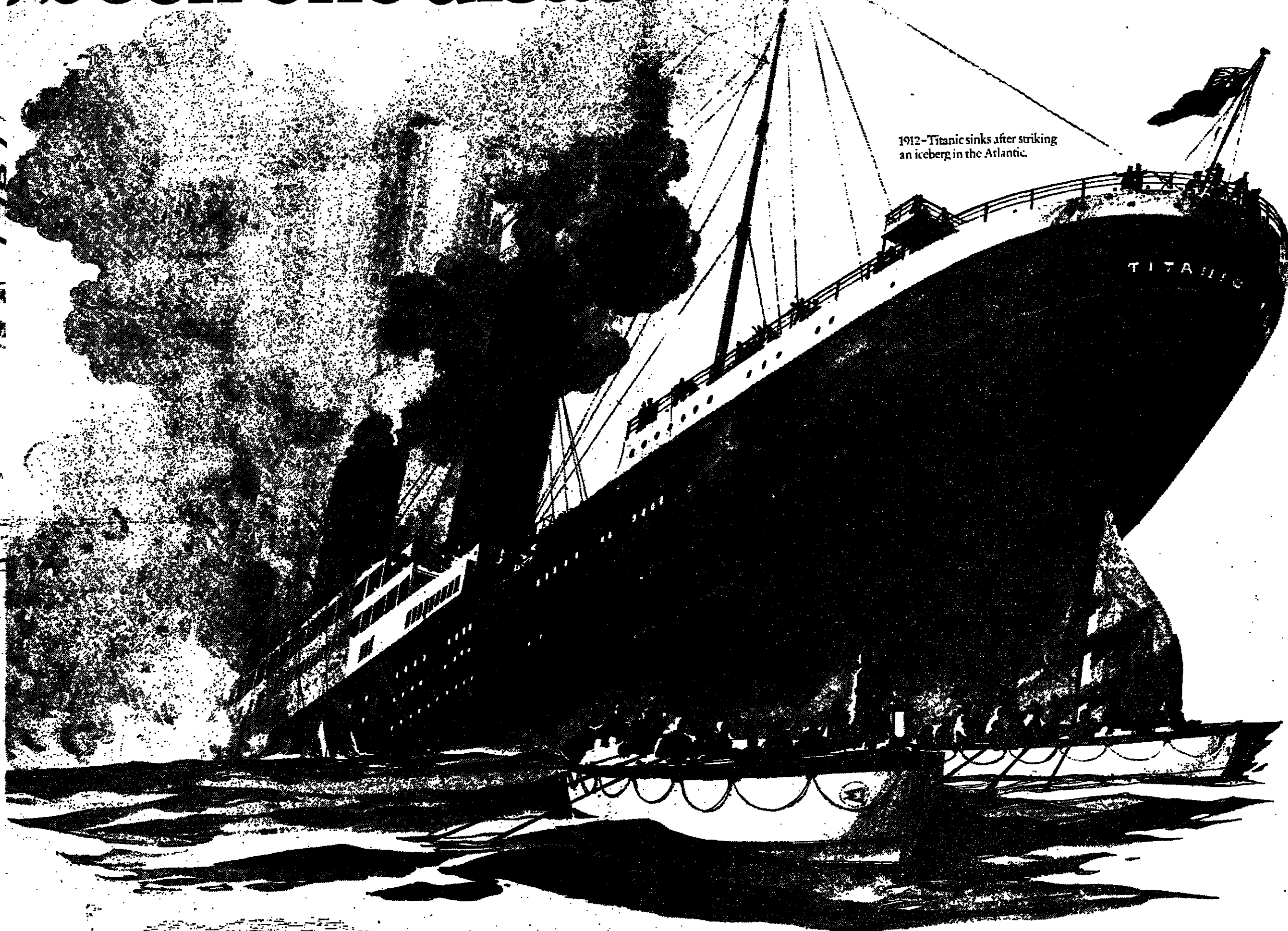


1975 - Cargo ship
hits Tasman Bridge,
which collapses onto
the ship, sinking it.

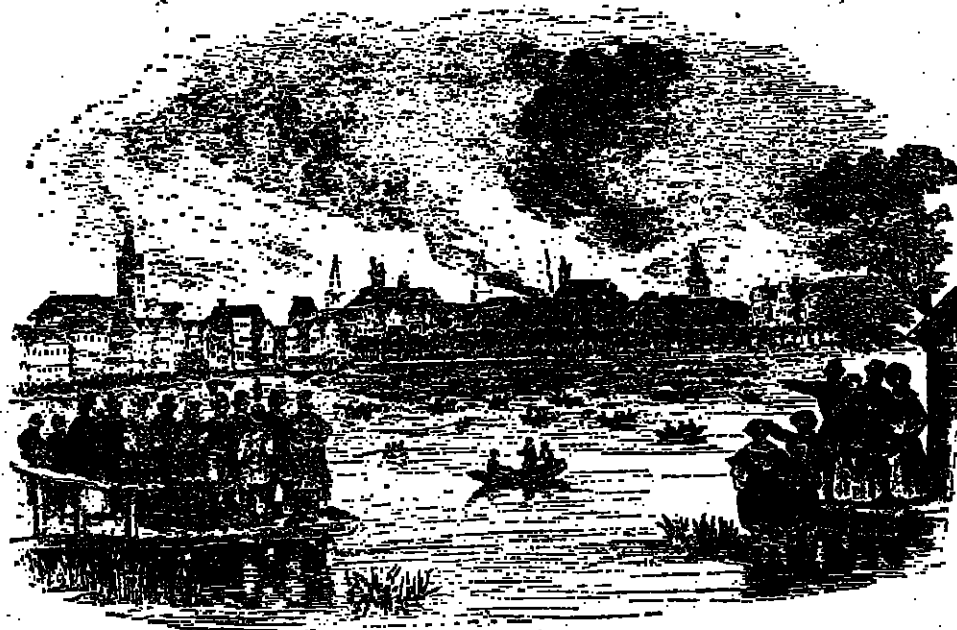


1953 - Heavy rain and
high tides along
the East Coast cause
the worst flooding
in living memory.

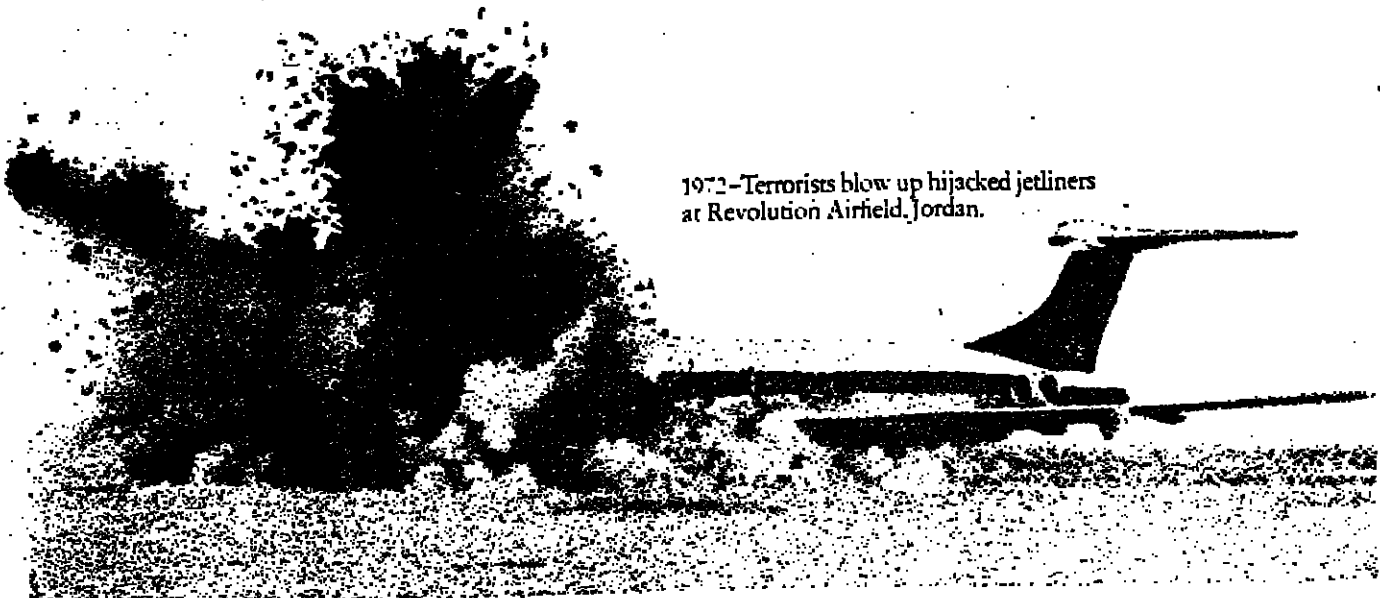
Since we started in business there's been one disaster after another.



1912 - Titanic sinks after striking
an iceberg in the Atlantic.



1942 - Much of Hamburg destroyed following the 'Great Fire'.



1972 - Terrorists blow up hijacked jetliners
at Revolution Airfield, Jordan.

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Wednesday morning gold flag denoting the Standard Chartered Bank, which is currently headed by Lord Barber, the former Tory Chancellor of the Exchequer. The company is an amalgam of four banks, the largest being the old Standard Bank of India, Australia, and China, formed even earlier with the granting of a Royal Charter in 1855. To-day, its operations span the world—the Far East, most African countries, the Middle East, Europe and North and South America. It has 1,500 branches in 80 countries and its inherent strength stems from its retail banking activities. These unprised its major business prior to the Second World War, a period when banking operations and the management of them were by to-day's standards, relatively simple. Control pre-war lay largely in the hands of London management which, for example, would decide on what agricultural crops would be funded in different African countries. Since the bank's business was carried on in countries where sterling was the major currency there was a lending pattern whereby, after funding a crop in East Africa, cash would then be transferred to finance Rhodesian crops and the same situation would then follow in South Africa. To-day, while local management have far greater autonomy, the previous freedom to transfer funds has been curtailed by each territory developing its own exchange control and other regulations and with liquidity requirements being set down by the central banks or governments of different countries. Thus, it is seldom possible for the surplus funds of the overseas offices to be lodged in London. The present management pattern allows local branch managers to run their own deposit taking and lending together with other services such as account-

ing according to the regulations of their own country and within the policies set down by the Board in London. However, there is also an executive in London which guides the total business and this includes general managers responsible for different territories who have to be referred to by a local manager if he wants to lend a sum above his discretionary limit which varies. This applies both to larger loans in local currencies and to Eurocurrency loans. Through an executives' committee such things as profit and liquidity ratio performance are monitored and, if necessary, a stop is applied on certain types of lending if it is felt that too much money is being invested in some particular area of industry. The reference period by which Standard Chartered's performance was judged for the award was the two years to March 31, 1975. In that time, pre-tax profits rose from £39.5m. to just over £71m., with the major part of its earnings coming from overseas. But while that is the type of performance which wins awards, the constituent parts of the "export" performance need explanation. Two interesting items which were outlined on the application form were the structure of the bank's staffing around the world and its staff training activities. The first highlights how complete has been the change, particularly in recent years, in staffing arrangements. While in the past management has been vested in British expatriates, there are now only 500 such expatriates around the world out of a total staff of around 35,000. The most rapid transition in the handling of management control to local nationals has been in Africa, an area where there has also been a speedy transition from a traditional branch network to the incorporation of local companies in which Standard Chartered of ten has a controlling stake but which allows the local population a shareholding. On training, Standard Chartered has taken sizeable steps forward. Following the merger of old Standard and Chartered Banks in 1970, a personnel division was set up to co-ordinate activities throughout the world

marketing its services to exporters and others based upon a skilled and export-oriented service available at the U.K. branches. What does not count, however, is the interest earned on loans—be they offshore in local currency or offshore in Eurocurrency—organised by the U.K. international division or the Singapore-Asian currency unit. Here, the figure which counts is the fee which is earned in the U.K. for arranging the loan, although ultimately the interest on the loan will show through partially in the

to achieve a uniformity of purpose and practice. This led, for example, to all expatriates signing a common agreement with Standard Chartered. Training centres have also been set up in different parts of the world to ensure that local aspirations could be catered for by creating the necessary job opportunities. In outlining its staff training and innovation in its application for an award, Standard referred to this type of practice, together with the fact that most of its specialist staff, such as foreign exchange dealers, are all internally trained rather than brought in from outside. This is very different from the time the Chartered Bank was set up to "foster and encourage trade and industry, to promote the highest standards of financial probity and commercial integrity and to assist in the reform of currency and banking systems." But it would no doubt feel that such aspirations are still very much in mind. Although associated mainly with the Far East and Africa, the two constituent banks have been developing business in Europe and America since the turn of the century, branches in Hamburg and New York having been set up in 1902 and 1905 respectively.

Eastern In addition to a continual build-up in the number of its branches, the Chartered Bank expanded through the purchase of the Eastern Bank in 1957, giving it business in the Middle East; to-day it has virtually all the Gulf State governments as customers, while going further east the bank has the distinction of being one of just two foreign banks in the People's Republic of China. The Standard Bank also expanded through acquisition by buying the Bank of West Africa in 1965 to give it branches in Gambia, Ghana, Nigeria and Sierra Leone. The merger of Standard and Chartered has done nothing to slow the progress. Although it loses some branches through political manoeuvres in some part of the world from time to time, openings of further branches continue and in the 1973-75 reference period the number was increased by 134, including five on the Continent of Europe.

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result of organisational pressure causing the managers to conform against their own free will. The Texan doubts this. The pressure to conform, he apparently thinks, is not some inevitable outcome of the state being organised. The suffocating conformism could well be another of the eminently avoidable results of the Abilene Paradox—that of individuals finding it comfortable to use the notion of group consensus to dodge the risk of acting on their own considered opinion. Painful The great danger of conclusions such as those Jerry Harvey has derived from his painful Sunday afternoon outing is that they might lead to a general acceptance of an oversimplified view of the management situation. But it is nevertheless hard to avoid the thought that "Abilene-and-after" does offer a potential explanation of a phenomenon which numerous management theorists—often from the relatively high job security of academia—have continually observed. It is that a great many working managers spend their professional lives hanging on determinedly to things that they do not want. If this is so, then Harvey has also offended the organisation developers' guidance towards overcoming this same debilitating problem. Another of the myths that he believes organisation developers believe in—and they and their clients "die by"—is that people are resistant to change. This is not so, he told the American conference. What they are resistant to is being punished, and human resistance to punishment is something that no consultant can, or should, help people to overcome. "Consequently," he told his audience, "I suggest that we forget the concept of resistance to change, and search instead for those conditions in an organisation which make change rewarding or punishing."

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If an employee is paid monthly, is he entitled to a month's notice of a cut in his salary? Similarly if under the Employment Protection Act he is entitled to 12 weeks' notice of dismissal, is he entitled to the same notice of a salary reduction?

The employee would be entitled to such notice of the reduction as he is entitled to of termination of his contract; for the technical position is that his contract is terminated and a new contract substituted. In the absence of a written contract the position should be recorded in the statutory notice of conditions of employment under the Contract of Employment Act, 1972. The statutory periods of notice (where there is no agreement for longer notice) is for one month (or eight weeks' notice (depending on the period of past employment) once support from a number of other shareholders who are willing to attend meetings of the company.

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I am a small grocer and a shareholder in a buying group, by which I have been advised that as my account is uneconomical, they propose to close it. My suppliers have been notified of this, which has harmed my reputation. Have I any redress? As a shareholder, can I prevent the group from closing my account?

Unless you have a written contract with the group which requires them to continue to supply you, your only remedy would be as a shareholder. Here again you have no particular position. For this to be effective, you would need to muster support from a number of other shareholders who are willing to attend meetings of the company.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, APRIL 23, 1976

New U.S. line in Africa

DR. KISSINGER'S current visit to seven African states is, in his own words, designed to usher in a new era in American policy towards Africa. The visit is Dr. Kissinger's first to the continent, and has quite clearly been prompted by official Washington's sudden realisation that, in the wake of the Angolan war and Soviet intervention in Southern Africa, has a strategic and political importance which the U.S. administration can no longer afford to ignore, as it has largely done in the past.

Thus, yesterday's speech by the U.S. Secretary in Lusaka, described by his own officials as the keynote address of the tour, is of very considerable significance. It has already been welcomed in broad terms by Mr. Callaghan, while President Kaunda of Zambia, where the speech was made, has hailed it as being of "paramount importance".

American support

The key elements of the speech are that Dr. Kissinger has unequivocally stated American support for majority rule in both Rhodesia and Namibia (South West Africa). He has specifically endorsed British policy, as outlined by Mr. Callaghan on March 22, of a transfer to majority rule in Rhodesia within two years of a successful conclusion of negotiations; he has committed the Ford Administration to putting its weight behind a repeal of the Byrd amendment—which allows the U.S. in contravention of mandatory U.S. sanctions to import chrome from Rhodesia; and he has implicitly said that South Africa must bring Swaziland, the main Namibian nationalist party, into its talks on the future of that territory.

All these commitments will be welcomed in Black Africa, as will Dr. Kissinger's reminder to South Africa that it can only gain international acceptance by doing away with the "institutionalisation" of race separation. So too will African states welcome the U.S. offer of aid to Mozambique to help it overcome the costs of imposing sanctions on Rhodesia, while Dr. Kissinger's low-key treatment of the Soviet bloc involvement in the continent seemed especially delectable to African leaders in tailored not to offend African American good intentions.

Reassurance is badly needed

THE Health Services Bill, which came up for its second reading yesterday, has already created such an uproar that, despite the concessions to medical opinion which it now contains, it is likely to take further the demoralisation of the medical profession and of the National Health Service unless Mr. Ennals makes a much greater effort than his predecessor to provide reassurance about the Government's ultimate intentions. The issue of withdrawing pay from the National Health Service has been rendered less acute by making withdrawal (after the first 1,000, which it is widely agreed are unnecessary) contingent on the approval of a Health Services Board which will have to be satisfied that alternative accommodation is available.

Certainly there ought to be more room for detailed discussion about the particular 1,000 private beds which are to disappear at the outset. More important, there ought to be more detailed negotiation about the composition of the Board and its objects, particularly where the licensing of private hospitals is concerned.

A compromise

But it is by no means clear that the Government or the responsible Minister, squeezed between the conflicting demands of those who wish to abolish private medicine altogether and the majority of senior doctors who are determined to fight to the end for it, can find a compromise which is acceptable to both. Whatever the merits of the compromise which has so far been achieved—it has not put a stop to suspicion about the Government's ultimate intentions. Nor is it certain that the establishment of a licensing Board with a composition and a remit acceptable to the majority of hospital doctors would immediately heal the splits in the profession and the NHS.

For one thing, the nature of

the Board could always be altered by subsequent legislation. For another thing, the medical professions—which have always shown a considerable, if understandable, interest in the politics of medicine—are now divided into so many associations with conflicting objectives that principles are no longer so clear or so readily negotiable as they were in the days when it was a simple case of a Labour Government versus the British Medical Association. Everyone involved is to some extent at war with everyone else.

Spending priorities

Although this multiple fracture is obviously due to some extent to a conflict of ideology in which particular practical issues tend to become submerged, it may also be partly due to other weaknesses in the NHS—notably the reorganisation of the nursing service, the past failure to train an adequate number of doctors at home, and the need to curb the growth of public expenditure. The NHS is particularly vulnerable to such cuts since, as Mr. Ennals Powell has constantly pointed out, the potential demand for its services is unlimited. Those who advocate the abolition of private medicine, though mainly moved by egalitarianism, argue that it would tend to strain the resources of the NHS still further.

This is unlikely to be true, since the relative numbers involved are so small and likely to remain small unless measures like the present Bill render the NHS much more unattractive than it is now. But the more extreme proponents of both ideologies now seem to have shifted their ground and to be arguing that the main fault of the NHS is that not enough is spent on it. While the country continues to live beyond its means, their logical course—and the best way to join forces and argue for a better sense of priorities in public expenditure.

Ray Dafter explains why no U.K. company could match German prices for BP's North Sea oil.

Britain joins oil exporters

THE EXPORT of North Sea crude oil to Germany this week is significant more for what it promises than for what it achieves in the short term. The oil—some 5,000 tons from British Petroleum's Forties Field—is the first consignment to be sold abroad. So Britain joins the privileged ranks of oil exporting countries, a fact acknowledged by Mr. Anthony Wedgwood Benn, Energy Secretary, as a "milestone" in the exploitation of a key national resource.

And yet the quantities and values involved are a drop in a bucket when viewed in the light of Britain's balance of payments deficit. BP has indicated that it might export about 400,000 tons, worth some £200m, at present prices, up to the end of July. As with the first consignment, due to be shipped from the company's Firth of Forth export terminal to-morrow or Thursday, the oil is almost certain to go to BP affiliates on the Continent: certainly in Germany, but quite possibly in Sweden, the Netherlands and France.

Started as a trickle

On the other hand Britain's imports of crude oil and products is running at about £3.5bn a year. North Sea oil, which began to trickle from the Forties Field and Hamilton Brothers' Argyl Field last year, still accounts for less than 10 per cent of Britain's internal need. In March, for instance, North Sea production amounted to some 460,000 tons, just over 6 per cent of internal consumption although with Forties production building up and a number of new fields coming on stream, the situation should be much healthier by the end of the year. Latest Government estimates suggest that British offshore fields could be producing at the rate of 15m to 20m tons a year by December, meeting perhaps 20 per cent of domestic requirements.

Inevitably this poses the question: Why should BP want or be allowed to export home-produced crude at a time when import requirements are so high? It is a point likely to be raised by Left-wing MPs over the next few weeks. The fact that Mr. Benn and the Government have given their blessing to the initial Forties Field exports is seen by the industry as an encouraging sign that Whitehall has recognised the particular requirements of the U.K. oil industry. Here lies the significance of this week's exports.

In general North Sea crude oil is of a high quality, fairly

light and containing a small amount of polluting sulphur. Hence it is a premium crude on a par with oil produced in Nigeria or Libya. The price of North Sea oil is still a closely guarded secret but it must be appreciably more than the Arabian light "marker" price of \$11.51 a barrel. As a yardstick the Nigerian Government is selling its crude to producing companies at between \$12.58 and \$12.84 a barrel.

The premiums for light, low-sulphur crude have inevitably eased in the face of reduced worldwide energy demand but they still make it worthwhile for British companies to export North Sea oil and to import lower-priced heavier-grade fuel. Large quantities of imported heavy crude, such as that produced in the Middle East, will still be needed even when Britain attains that longed-for energy self-sufficiency in 1980 or so. This is a point repeatedly emphasised by the oil industry and one obviously accepted in principle within Government.

However, the eventual ratio of home produced oil to imported crude is still the subject of argument and debate. The oil industry points out that the present refinery mix in Britain is about 20 to 25 per cent low sulphur crude to 75 to 80 per cent, lower grade oil. A strong demand for heavy fuel oil in the U.K. is a major factor behind this ratio.

The mix could well change over the next few years as perhaps manufacturing industry switches to other fuels or new legislation is introduced to lower sulphur emission levels. (New EEC legislation covering North Sea oil production refined



BP's Chairman, Mr. David Steel, with the company's semi-submersible drilling platform, on location in the Forties field.

In the U.K. Furthermore, Britain should be self-sufficient in refined products such as naphtha—the raw material for chemicals—and petrol.

Mr. Willmott added that while the Government hoped to achieve a voluntary agreement to meet these aims it would take "direct measures" if it did not go down too well with the oil industry. It was not long, however, before Mr. John Smith—in his past capacity as Minister of State at the Department of Energy—was reassuring the companies. Enough of North Sea crude would be kept in Britain to meet the domestic need for light, low-sulphur crude, he said. On the face of it, this was what the oil industry had been arguing for.

In considering its stance on the export of North Sea crude the Government is anxious to ensure that oil companies do not sell British oil at below market prices. It is mindful that a good deal of intra-company trading will take place. Most, if not all, of the initial export shipments of Forties Field oil will be bought by BP affiliates on the Continent, for instance. Once the major Brent Field starts reaching near-peak flows, Shell and Esso will probably want to supply their associated companies. Mr. Willmott was explicit when

he commented that there was a temptation for oil companies to treat North Sea oil as a marginal supply and price it accordingly. This would mean a loss of tax revenue (taxes are based on well-head price) and a loss of foreign exchange. The Government is also concerned that the recent State participation agreements signed with a number of offshore operators could be undermined by such action. The British National Oil Corporation has an option to buy crude from those agreeing participation terms at "market price".

The Corporation's interest in exports and export pricing is no accident: it has a direct responsibility for overseeing offshore activities (through participation agreements) and for expressing any concern about the company's present projects. Although it is still in its infant stage, the Corporation has already been in talks with oil companies which could lead to a direct State presence in the management of one or more oil refineries.

If the Corporation fulfils its long-term ambition of venturing downstream in the oil business, it could well influence British refinery policies; perhaps suggesting changes in the product mix to favour North Sea oil. The industry is fully aware of that, as yet, the State oil undertaking has no direct outlet for all the oil on which it has secured options.

In essence Mr. Steel, Energy Secretary, says some Forties oil will be sold to match requirements on the Continent. No company was willing to match requirements on the Continent. No company was willing to match requirements on the Continent.

The company's policy was to process as much North Sea crude as possible "within operational constraints" U.K. refineries. Surplus would be offered to parities for processing provided the price was obtainable from In addition, the company charge such prices as sales of oil "as fit its value in relation similar crudes". The formalised v BP's policy, repeated constantly by Mr. Benn, sounds as though form the basis of a Government code of North Sea oil export: proves to be the case is every reason to think same of the industry over future energy have been removed.

LATEST ESTIMATED OIL PRODUCTION LEVELS OFF THE U.K.

Field	Group	Est. Recov. Reserves (m.bbls.)	Production level ('000 b/d)									
			1975	1976	1977	1978	1979	1980	1981	1982		
Argyll	Hamilton Bros.	70	10	35	31	29	27	24	22	20		
Shell/Esso		50	—	25	40	40	40	40	40	40		
Shell/Esso		400	—	30	80	80	80	80	80	80		
Beryl		2,000	—	20	170	280	400	510	550	550		
Brent		400	—	—	40	90	115	140	120	110		
Claymore		400	—	—	10	25	45	45	45	45		
Comorant		400	—	—	10	40	40	40	40	40		
Dunlin		1,800	—	13	200	370	400	400	380	360		
Shell/Esso		150	—	—	25	50	50	50	50	50		
Heather		180	—	10	35	50	50	50	50	50		
Montrose		1,000	—	—	—	50	150	275	310	310		
Ninian		400	—	—	15	170	220	240	220	200		
Piper		300	—	—	1	15	31	31	31	31		
Stafford		450	—	—	20	100	180	180	160	125		
Thistle		450	—	—	—	—	—	—	—	—		
Sub-total		8,298	23	335	842	1,343	1,707	1,988	2,056	2,022		
Estimated oil production from U.K. probable finds		5,340	—	—	—	15	165	615	965	1,255		
Total U.K. production		13,638	23	335	842	1,343	1,707	2,603	3,021	3,277		
Internal U.K. consumption*			1,580	1,540	1,540	1,580	1,640	1,600	1,700	1,800		

Source: Wood, Mackenzie & Industry Estimates

MEN AND MATTERS

Now the 1926 show

A plan by the Greater London Council to spend £10,000 towards commemorating the general strike has, you may recall, come under fire both from those professing concern about ratepayers' money and from people questioning the very need for celebration.

A more dramatic and unusual way of recalling the event, 50 years ago, is planned by independent television which intends to show ten nightly reports called "General Strike Report" which will go out consecutively from May 3. Each will be a 15-minute programme screened immediately after the main news broadcast.

The presenter will be Robert Keen, and Yorkshire Television, which is organising the series, declares it will be "a graphic account of the turbulent events of 1926, seen through the modern technology of 1976 television news presentation. Intriguing to wonder what recent industrial event will rate such lavish television treatment in the mid 2020s.

A stir at the Halifax

A matter of £10,000 is creating a stir too at the Halifax Building Society. The Department of Employment has now been drawn into a controversy over the planned payment of that amount to a retiring non-executive director of the society, the one unusual item on the generally routine agenda for the annual meeting on May 24. As in previous years, that promises to be a big occasion with over 600 members, most of them local, turning up for the meeting in Halifax's Civic Theatre.

The Halifax is the country's biggest society with assets of



"After Lord Devlin's report on identification, I think I'd rather not commit myself!"

£4.5bn. and it plans to give the £10,000 (the first time, it appears, such a payment has been mooted) to Ian MacLean, now 73. The society reckons he has made a particularly important contribution to its progress, having been chairman from 1961 to 1974 and a director since 1953, a period of very rapid growth.

A few of the Halifax's 31m members have complained about the proposal, and the local MP, Max Madden, who asked in the Commons whether the payment fell within the current incomes policy. He was told the Department of Employment had started looking into the case.

When it comes to public disclosure of directors' salaries, just tendered successfully for a building societies are in a curious position, only being required to state the total Grants amounts paid to non-executives. But at least, argues Halifax general manager Nigel Watson, this shows how relatively poorly remunerated they are. The Hal-

fax's 15 non-executives shared just over £50,000 last year. Watson declares of MacLean: "For a non-executive director he was very active." And it seems very unlikely the Halifax majority is inclined to argue the point.

Catering for the motorways

As a consumer, Geoffrey Sealey recalls in the early sixties a few brave attempts at up-market facilities by catering operators who made early starts in the motorway game. The idea (as with British Rail and even the airlines) was to attract the business customer, with white-topped chefs and enticing menus. There was just one problem: such establishments in Britain, unlike those on the Continent, could not sell drink.

So the business restaurant image faded, and as the motorway network expanded, operators concentrated on striking an eating balance between customers emerging from chauffeur-driven Rolls-Royces and long-distance lorries. At times, the reputations of some motorway service areas have not been all that good. Sealey, who has just gone on the Board of Granada Motorway Services as marketing director, claims, not surprisingly, that his organisation gets few complaints, though he adds a pleasantly candid rider: "With the general complacency of the British public that isn't necessarily a fair indication."

His company, a subsidiary of Granada Group, runs eight motorway service areas with an annual turnover of £18m. It has closure of directors' salaries, just tendered successfully for a building societies are in a curious position, only being required to state the total Grants amounts paid to non-executives. But at least, argues Halifax general manager Nigel Watson, this shows how relatively poorly remunerated they are. The Hal-

a long way since the first few miles of the M1 were opened between Watford and Rugby. The routine is that every 25 miles of a new route, the Department of the Environment acquires sufficient land for a service site. Potential operators prepare a scheme and offer a rental level. The DoE thereafter is paid at that level plus a percentage of gross turnover.

Sealey explains that the system differs from that in operation on the Continent. In Germany, for instance, a Government agency constructs the service facilities and local firms simply provide the equipment and staff.

Now, of course, further expansion of Britain's motorways is being restricted, and in Granada's case, this has meant investigations into new catering areas. Granada recently tendered (unsuccessfully) for the concession at Heathrow Airport's Terminal One. As for Sealey, he is off to the United States in a couple of months to study equivalent establishments there.

It should not, one must hope, presage a rash of the garish roadside facilities which disfigure much of the U.S., as he is more interested in studying the latest advances in catering equipment technology, at which the Americans excel.

Lost property?

British Rail has an advertisement showing a worried secretary agonising over how to get a parcel across the country in a few hours, to which BR's comforting answer is of course its own parcels service. Yesterday, at Petts Wood station in Kent, that advertisement was opposite a notice which declared with less optimism: "Commuter timetables have been despatched from Grimsby 22.4.76 but regret no further information as to their arrival."

Observer

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TEXAS

FINANCIAL TIMES SURVEY

Wednesday April 28 1976

TEXAS

Traditional sources of wealth—oil and agriculture—have protected Texas from the worst effects of the recession. Diversification is taking place as migrants move into the State, although rapid growth has not increased its influence nationally.

S. celebrates its ground. Houston, whose prosperity is one of the built on the Texas oil industry and far-reaching but can now also fairly claim to be the energy capital of the world, has become the fastest-growing urban area in the U.S. More than 1,000 people move to the city each week and there appear to be no geographical reasons why it should not simply continue to grow. What may slow it down, however, is its growing pollution problem and the fact that its road network was never designed to cope with the volume of traffic with which it now has to contend.

Meanwhile there is also the Dallas-Fort Worth conurbation, a major distribution, electronics and aerospace centre, which is bigger and rather older than Houston even if it is now growing more slowly. DFW, as it calls itself, is consciously planning future development around its new airport which covers several thousand acres midway between Dallas and Fort Worth and was first mooted almost fifty years ago. DFW hopes that this airport—only two years old but already the third largest in the country—will make DFW the crossroads of America in the next century, much as Chicago relied on its position at the centre of the rail network in the 18th century to give it economic pre-eminence.

Capital

But the rapid growth in the State is by no means confined to the two huge urban areas which are increasingly coming to dominate it. Austin, the capital, has been expanding fast and San Antonio, home of the fastest-growing and a major centre for the armed forces, is expanding a longer faster still. Even Midland—comes out of Odessa, the traditional centre

of the Texas oil-producing area, has taken on a new lease of life since the rise in the price of oil transformed the economics of oil production in the area.

Partly because of this rise in the oil price, Texas has suffered less during the recession of the past two years than

Kennedy recognised this well enough. Texas was one of the cornerstones of President Nixon's famous "southern strategy" which rested, in part, on as much or almost as much as the attempt to create a new Republican "ideological majority." President Ford, who faces an important primary battle with Ronald Reagan in Texas

The State has always been Democratic if conservative and of people below the poverty level this is still largely the private wealth in the State.

Texans are now getting used to the idea that the State's oil reserves are not going to last for ever and indeed some estimates suggest that they may run out rather sooner than had been thought. As yet, however, no one in Texas wants to produce a timetable showing how long the reserves might last and estimates vary considerably.

Houston is now in such a strong position in world energy terms that the decline of the State's energy reserves would probably do it relatively little damage, particularly since its position as a major port gives it every opportunity to increase its imports to feed its major petrochemical complexes. Not of course that the decline in the State's reserves is going to be precipitate. Indeed at the moment there is a surplus of natural gas within the State for a variety of regulatory and other reasons. Still, even a gradual decline in oil and gas production has some effect on the State's economy since the petroleum industry pays some 21 per cent. of the State's total tax revenues. If the decline in reserves were to become serious in years to come, the State might well be forced to consider a State income tax. Pressures on the State are likely to increase any way as the cities grow and make more demands for social and other services.

It may be that the Texan philosophy that all can be left to private enterprise will be found wanting in the major cities in the next few years although Houston's central area is enjoying something of a renaissance almost entirely because of the oil companies and a set of very enlightened commercial developers. Dallas is another story and remains one of the least attractive of all American cities

Trump

Even in terms of energy, where the decline of indigenous resources is something of a cloud on the horizon, Texas has a trump card. At least half the State lies within the area designated as ideal for solar energy production. A team of Houston scientists are already hard at work on ways to bring down the cost of solar energy and most observers expect it only to be a matter of time before they succeed.

If any reservations remain about the state in the next few years they are perhaps about the "quality of life" and the effect that growth may have on it. It is true, however, that many of the problems of growth are recognised in Austin and in the formless and unplanned conurbations of Dallas and Houston. Texas is not short of energy or ingenuity, and once the State decides that it has the will to make sure that growth does not get out of control it will almost certainly find a way.

Sleeping giant awakes

By David Bell

many other States. Unemployment has remained at least two points below the national average and the enormous increase in energy-related activity around the Houston area kept that city's unemployment rate even lower. Texas farmers have also benefited from the effect that the world food shortage has had on food prices and this too has had a noticeable effect on the State's economy.

Rapid growth has not so far made a great difference to the political influence that Texas has traditionally exercised in the nation's affairs. Indeed at the moment the State has fewer nationally known political figures of note than for some time past. Politicians are still aware, however, that the size of Texas, and its position as a key southern "swing" State make it a prize that they must try very hard to win.

In choosing Lyndon Johnson as his Vice-President, President

later this week, recognises this too. He has been courting Mr. John Connally, the former Governor of the State and protégé of Lyndon Johnson in order to gain his endorsement.

But Mr. Connally has been proving elusive as perhaps befits the man who is unquestionably the major political figure within the State. The former Governor drifted away from the Democratic party after Lyndon Johnson decided not to run for office again and became Secretary of the Treasury under Mr. Nixon before formally becoming a Republican just before Mr. Nixon began to sink under the tide of Watergate.

Mr. Connally has since had his own problems with charges of illegal campaign practices but these have been found not proven and his stock in the State is higher than ever. His departure from the Democratic Party appears not to have done the damage that it once might

have done and this has a good deal to do with the fact that the sunbelt migration has left its mark on the State's politics as much or almost as much as on its economy.

It is true however, that the average Texan, now more than ever, wants as little to do with Government as possible. There is still no state income-tax or state corporation tax and the Legislature seems determined that there should not be. Texas businessmen talk easily of the frontier spirit that they claim still exists in Texas but has almost vanished in the north.

Hard work, self-reliance and pleading but it is also true that

much of it recently made. Apart from the men who founded companies like Texas Instruments and have seen them expand very rapidly, there are the independent oil producers and the large ranchers all of whom are interested in ploughing back their wealth into new ventures if they can find ones that they think are sound.

If all Government regulation is anathema to the ordinary Texan businessman, the present regulations about energy are

singled out for special attack everywhere in the State. Independent oil men and the major companies are agreed that the current price of oil has been set at an unrealistically low level and they say that this has already prompted a decline in Texas oil prospecting which will last until the legislation is altered.

To some extent this is special pleading but it is also true that



From Spindletop....to the production platform

le grew up ngside the industry"

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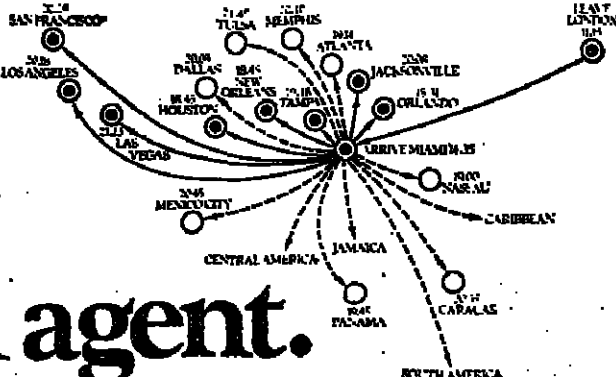
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Pragmatic and conservative

TEXAS HAS long been deeply enmeshed in Vietnam. Even after Johnson withdrew in 1968 and announced he would not seek re-election, the Texas influence remained in Washington. After Mr. Nixon was elected President the name of John Connally, a former Governor and protégé of Johnson's, was firmly linked to the Nixon Administration. He became Secretary of the Treasury and drifted away from the Democratic Party, finally becoming a Republican publicly just as the Watergate clouds were gathering.

The eclipse of Mr. Nixon, and accusations that Mr. Connally himself had been involved in taking illegal campaign contributions, put Mr. Connally's political career under its own cloud. But he has now been cleared of the charges against him and his association with Mr. Nixon is no longer the political obstacle it once was. Nevertheless, the enforced absence of Mr. Connally from the political scene coincided with a period when Texas have had much less than their accustomed influence on the affairs of the nation.

Dominant

Mr. Connally, however, remains the dominant figure in the State's politics and there could be no better sign of that in the country. Many of these have been Republicans and few of them have shared the long

former Governor in the weeks before the Texas presidential primary which takes place later this week. There is no doubt that most Texans think that Mr. Connally would make the best president and there is equally little doubt that Mr. Connally shares this view. But he sees no opening in the current situation that he can exploit.

John Connally is one of the best orators in the U.S. — a shrewd political operator with political instincts that are well tuned to Texas. One political analyst said recently that "after God most Texans would go for Connally," and his conservative views have come to mirror the political philosophy of a large number of Texans in this election year.

The continuing popularity of the former governor also illustrates the way in which Texas politics are changing. The State has always been heavily Democratic even if in a conservative southern way. Like other southern states the Democrats of the civil war has lingered and the Democratic Party has been virtually unchallenged particularly at a local level. Of 24 Texas Congressmen in Washington only four are Republicans.

But Texas has been changing rapidly in the past 15 years and there has been an enormous influx of people from elsewhere in the country. Many of these have been Republicans and few of them have shared the long



Figures on the Texas political stage. Left to right: John Connally, Lloyd Bentsen, Barbara Jordan.

Texan connection with the Democrats. The result has been resisted attempts by both the State and the Legislature to become an increasing force to get her to join them in taking a joint position on various policy issues. Instead she pointed to the Texas delegation and said "that is my caucus." This areas have a limited effect on loyalty to Texas is deep seated and helps to explain some of the political instincts that most of the rural areas of the State, they do have an important influence on the presidential election and Texas politicians have not on the race for senator which, of course, is statewide.

It was this which prompted Mr. Nixon to applaud the victory of Sen. Lloyd Bentsen, a conservative Democrat, in 1970. President Nixon conceded that Mr. Bentsen was not a Republican but, he said, the "conservative ideology" which Nixon also claimed to represent was for many years led by the formidable Rep. Wright Patman. There are however some signs that the current Texas fall from the other senator from Texas, John Tower, is also a Republican.

Yet it would be too easy to dismiss Texas politicians as conservatives and nothing more. It is true that the real political split in the State is between liberals and conservatives rather than Democrats and Republicans. But it is also true that Texas politicians have always been great pragmatists and there have been few politicians more pragmatic in outlook than Lyndon Johnson. LBJ came to be viewed as a liberal—and to be disliked by many Texans because of his "liberal" views—but he almost certainly saw himself as reacting to the needs of the times when he proposed the "Great Society." It was, in great part, a reflection of the Texas view that with plenty of money most problems are soluble.

Realistic

Even today the Texas political establishment is intensely realistic. One of the State's most formidable political figures is Rep. Barbara Jordan of Houston, a black congresswoman from one of the city's most depressed districts. Although she is both liberal and intensely critical of many of the State's racial attitudes, she was backed by some of the city's most conservative businessmen who recognised her qualities even if they do not approve of everything she stands for. For her part Rep. Jordan has not forgotten that she is a Texan.

D.B.

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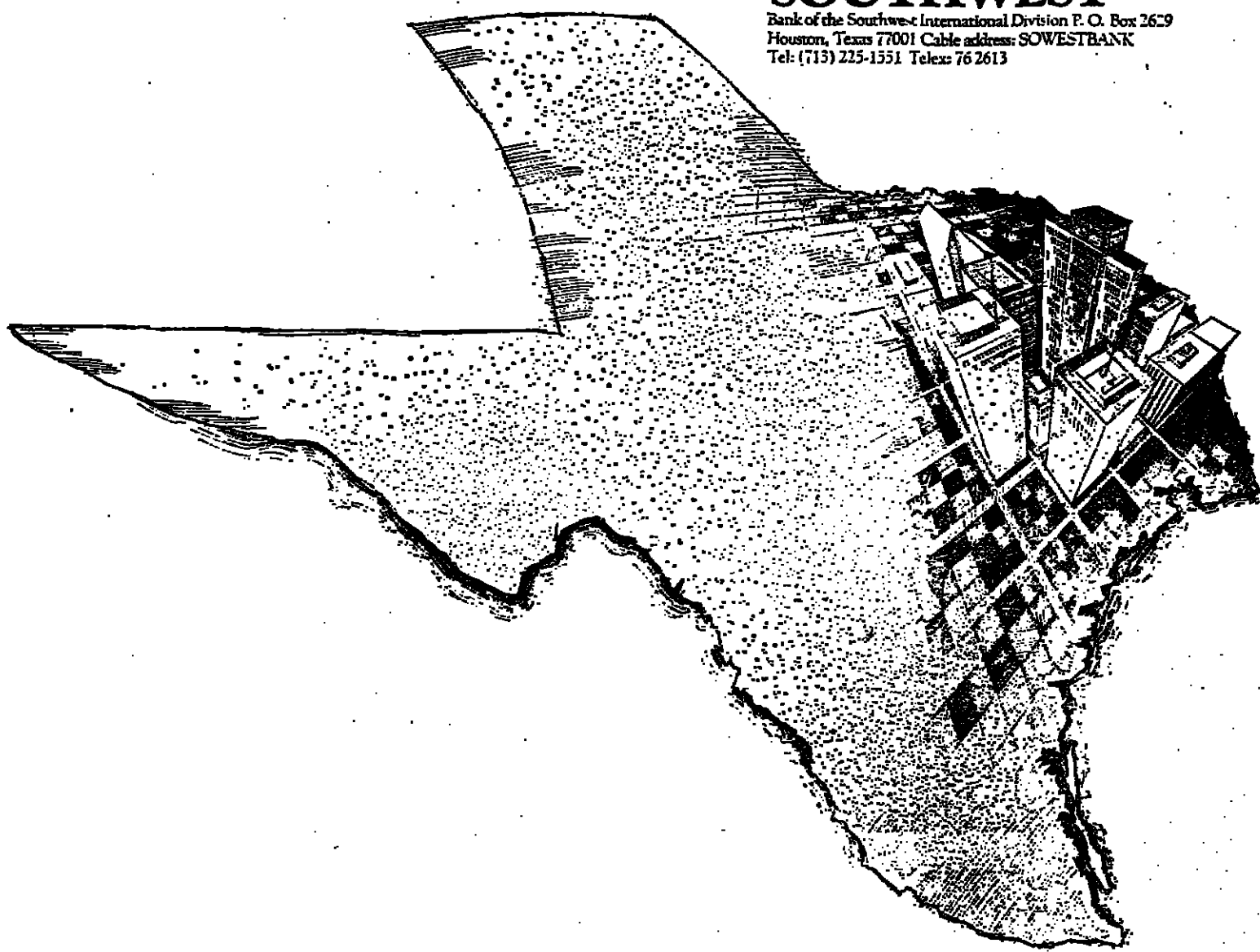
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Bank business flourishing

THE PAST 15 years have been challenging ones for the Texas banking community. As the state has grown, and a wide range of industries have moved to Texas, the banks have become involved in a variety of new business. They are no longer quite as concerned with — or as dependent on — oil and agriculture as they once were.

The rise of the Eurodollar market and the expansion of many Texas-based companies overseas has led Texas banks to take a new interest in foreign business with the larger of them opening branches or joining consortia in London and elsewhere. Changes in the banking regulations at home, meanwhile, have enabled the parent holding companies of the larger banks — particularly those in Dallas and Houston — to begin to take over smaller banks in other parts of the state in a process of consolidation that still continues.

At the same time the state's banks have been fortunate that the rise in the price of oil stimulated Texas's energy-related industries just at the time when the rest of the U.S. economy was sliding into recession. This has not meant that Texas's banks escaped all the well publicised problems that have affected banks in other states, but it is certainly true that they were in a much stronger position during the recession than many of their competitors and this was recognised by the Stock Market.

Nevertheless, and despite its rapid growth, the state's banking sector is still fragmented and there are some 1,200 banks and even though the four largest holding companies control about 40 per cent of total state bank deposits. The rivalry between these four is friendly, but intense, and their ranking depends to some extent on which set of statistics is used to measure their size. In terms of domestic deposits they are fairly similar but, ranked by total deposits at the end of 1975 the order is: First International Bancshares (\$4.9bn.), Republic of Texas (\$3.9bn.), First City Bancorp. (\$3.7bn.) and Texas Commerce Bancshares (\$3.6bn.). All four bank groups are held by companies with the banks taking their name as the principal subsidiary in each case. Under its control and First International Bank of Houston, and First International Bank of Dallas each have about 25 branches, which are sliding into recession. This has

CONTINUED ON NEXT PAGE

هكذا من الأفضل

TEXAS III

Economy is well diversified

Standard the State has the best "business among the climate" in the nation. is that the economy is well diversified. The old stereotype that Texas produces cattle, oil and natural gas may no longer be correct. This strength, however, has laid the foundation for the current prosperity.



has expanded their operations overseas in recent years. Among first National Bank in Dallas, whose London office, pictured above opened in 1970.

1k CONTINUED FROM PREVIOUS PAGE

sizeable property holdings before banks, has only banks at the t has been build- rest in a number banks. r of recent cases. Fed has turned s for the holding buy new banks rather to charter areas where they business. Some of nks say that they increasingly diff- icult banks that able and meet the criteria.

ge new acquisitions the competition state, the Texas also faced a chal- Edge Act far larger U.S. have been set up Under this act are forbidden to l banking outside state, can set up and international shes outside their ry.

s have in the past reputation of being the entrepreneurs making ideas who in the state. It is, interesting that have a good deal usiness than, say, ago because many hy clients still pre- sir money into new her than "lock it s.

igh the banks re- itted to the prin- g receptive to new observers believe ve become a little is in the past few earnt their lesson sometimes tangled nks in other states ecause they tend to ves no longer so business of provid- ital as ready to / businesses once tot off the ground. nks have very good ards.

led to some sugges- the banks refute, are less "growth" an they were and closely connected with the in- support the banks. The Dallas banks are eloquent testimony to the faith that the banks themselves have in the future of their State.

that this has brought with it, holding companies Texas has about 28 other bank holding companies and 13 out of the state's total of 32 are either in Houston or Dallas-Fort Worth. Nowhere has this been truer than in the oil industry—with whose fortunes the state is still so intimately connected. The oil embargo and the sharp rise in the price of oil meant a surge in business for many of the Texas-based companies that supply drills, bits and the other specialised technology for the energy industry. This, while the rest of the country was in the midst of the recession the Texas economy benefited greatly from the surge in demand for energy-related equipment.

Paradoxically, as the recession comes to an end, the banks are now noticing a softening in loan demand from the energy sector. They attribute this largely to the slowing down in exploration that has followed the Administration's energy policy. The banks share the oil industry's view that until this policy is revised to give a greater incentive for exploration this lull in activity will continue.

The Houston banks meanwhile have been closely connected with the North Sea. This—and the new found financial muscle of the Arab oil producing states with which Houston also has a long connection—has meant that the larger banks have needed no encouragement to get involved in overseas business. First City National Bank in Houston, for instance, has been able to provide banking services for its Houston-based clients with North Sea interests and has also been able to involve itself with other overseas customers as well. Two Scottish banks now have offices in Houston and there are a rapidly growing number of British companies with branches or agents in the city.

While the Houston banks have a good deal of experience in dealing with the major oil companies with headquarters in the city as well as the smaller independent operators, Dallas banks tend to deal more with the smaller operators—the independents who in the past have found so much of Texas' oil and gas. The Dallas banks are also closely connected with the insurance companies which make the city the second most important insurance centre in the economy and the country.

Apart from the four largest

sive array of petrochemical plants and refineries, and encouraged the expansion of a wide range of energy related industries.

While the rest of the U.S. has been adjusting to the sharp rise in the price of oil following the 1973 embargo and the OPEC price rise, Texas has hardly been able to believe its luck. Houston, which can now fairly claim to be the oil capital of the world, has scarcely noticed the recession as its energy service companies have worked to meet burgeoning world demand for American exploration equipment and expertise.

Prosperity

Inside Texas the rise in the price of oil has also brought new prosperity to the Midland-Odessa region where much of the State's oil is produced. Both the major oil companies in Houston and the independent oil producers scattered across the State are very scathing about the Administration's present energy policy and there are some signs of a lull in the search for new oil at the moment. But very few observers expect this to last for long.

However much new oil is found Texans recognise that their reserves of both oil and gas are finite; but they believe that the energy industry in the State is now so diversified that it would make surprisingly little difference if the State were actually to produce none of its own oil at all. Houston—the third largest port in the country—is well placed to handle its energy-related companies have long since outgrown their purely Texas base.

Meanwhile, the agriculture sector, which ranks third in the nation in terms of the value of

farm products sold, has benefited greatly from the rise in world food prices. In terms of gross farm receipts only California and Iowa are ahead of Texas which in 1975 received an estimated \$6.4bn., a 59 per cent. increase in the past five years. The State is also the third largest food manufacturing State in the U.S. and some 78,000 Texans are employed in "agribusiness," the largest employer in the State.

But, Texas has also attracted a wide range of other industries. Dallas-Fort Worth has developed into a major aerospace and electronics centre with General Dynamics, the builder of the F-16, Bell Helicopter and Texas Instruments, while Houston has also profited from its association with NASA and the nearby space centre. Dallas, meanwhile, is a leading insurance centre and has built itself into a major distribution centre. It confidently expects that its ambitious new airport will further strengthen that position.

Elsewhere in the State, growth has also been rapid with Austin, the State capital, growing fast and San Antonio growing faster still. But most observers acknowledge that increasingly Texas is coming to be dominated economically by Houston and Dallas-Fort Worth. About 5m. of the State's 12.5m. people live within these two urban areas, two of the fastest growing Standard Metropolitan Statistical Areas in the country. Together they account for 54.2 per cent. of the State's manufacturing capacity and have played a major role in pushing Texas's Gross State Product up to \$72.5bn. in 1974, the last year for which full figures are available.

Although DFW, as Dallas-Fort Worth likes to be called, is bigger than Houston, the latter is growing faster and a growing number of companies

there are still about 1,000 people a week moving to the city. By 1980 it is estimated that Houston will have a population of some 2.6m. compared with DFW's 2.9m. Houston's population has grown 17 per cent. in the past five years alone.

The population of Texas as a whole has been growing by about 1.9 per cent. a year and is expected to be some 13.5m. by 1980. Despite this steady increase in population, unemployment has remained well below the national average: for the state as a whole last year the average was 6.1 per cent., the lowest of all the major industrial states and 2.4 per cent. lower than the national average. In Houston the figure was even lower with the average for the year about 4.9 per cent. DFW, whose industries proved more vulnerable to the recession, was somewhat higher but still well below the average.

Avoided

Part of the strength of the state's economy lies in the fact that it has so far avoided attracting too many heavy manufacturing industries or consumer durable manufacturers. Thus, although Texas is now the third largest state in the nation, it ranks only seventh in the table of "value added by manufacturing." The fact that the state has relatively few "old type" industries has clearly been a major factor in keeping the unemployment rate comparatively low during the recession.

Another factor which has undoubtedly contributed to the state's growth has been its resolute refusal to introduce a state corporation tax or a state income tax. This has encouraged the unrestrained growth of the cities and the sprawling complex of refineries and chemical plants along the ship channel and near the Gulf Coast are already

to move to Texas to take advantage of the significantly lower overhead costs in the state. This is a trend which seems bound to accelerate in the years ahead. Companies have also been attracted to the state by its comparatively low cost of living. The absence of a heavy state tax burden, combined with the lower price of houses, food and other commodities, makes Texas especially attractive to companies who have had to cope with the growing tax "load" in the crowded north east of the nation.

Indeed there is scarcely a set of statistics that does not point up the state's attraction as a growth area. Retail sales have increased 75 per cent. since 1970, non-residential construction has been growing at an annual rate of 8.4 per cent. for the past five years, personal income has climbed 63 per cent. since 1970 and bank deposits have climbed 88 per cent. in the past five years. Last, but by no means least, the value of total mineral production has jumped 150 per cent. in these five years.

Texans are well aware that this is a record of which they can be proud, but there is also a growing recognition that such rapid expansion must eventually carry with it certain costs as well. Wealth is not as evenly distributed within the state as elsewhere and some 19 per cent. of the population are officially listed as below the poverty line. It is something of a shock to discover that Texas is, in these terms, among the ten states with the greatest proportion of poor people.

Further, Houston in particular, and the state in general, has no real overall land use policy. The unrestrained growth of the cities and the sprawling complex of refineries and chemical plants along the ship channel and near the Gulf Coast are already

causing pollution and transport problems. They will become worse and will be expensive to solve.

Nevertheless the economy is built on such a strong base, and its prospects seem to be so bright, that Texas is likely to have the money to deal with these problems if it chooses so to do. Clearly, as the state grows, some of the new industry that it attracts is going to prove more vulnerable to conditions in the rest of the country than at present, but most observers still believe that Texas will be well insulated from the worst fluctuations of the national economy for many years to come.

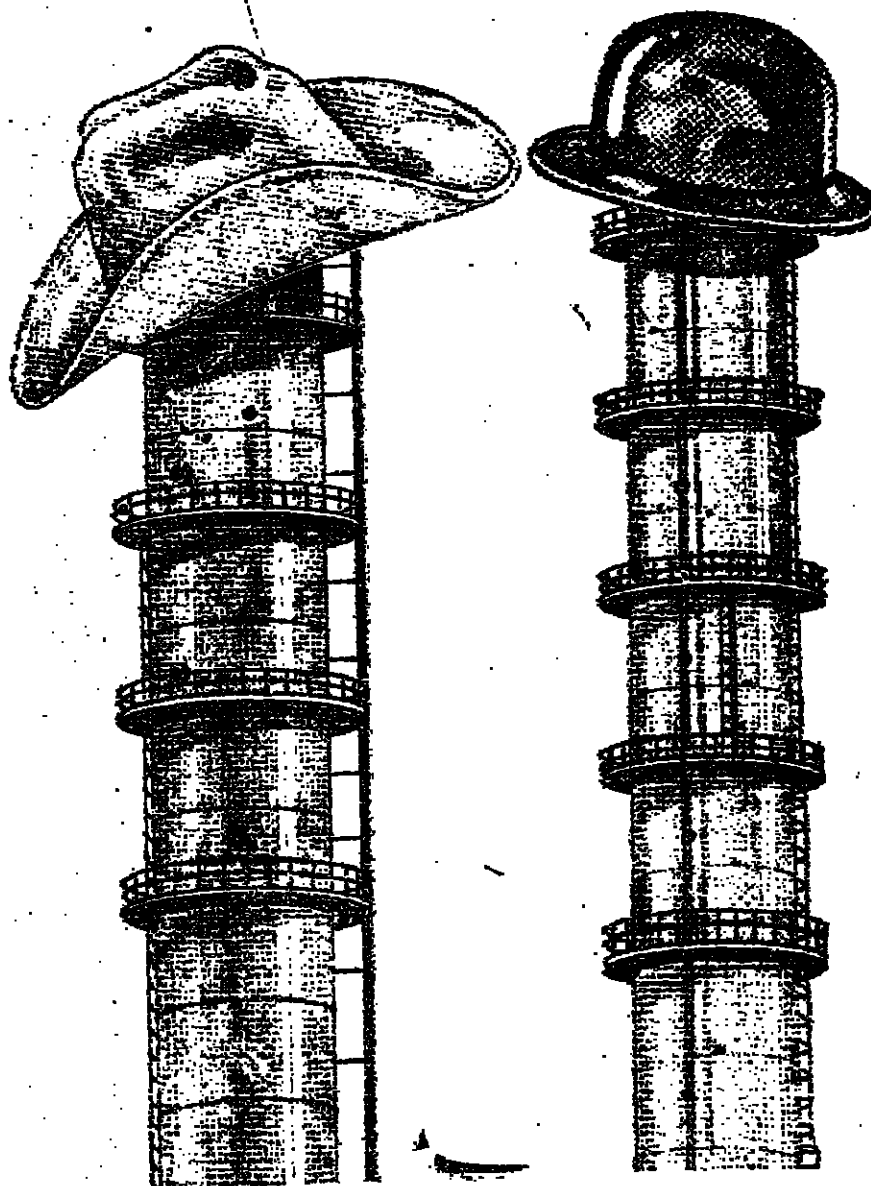
For nature has been kind to Texas. Quite apart from oil and gas, the State has reserves of some 20bn. tons of near-surface coal and between 100 and 200bn. tons of deep coal. Beyond that, part of the State is ideally situated to rake the fullest advantage of the coming revolution in solar energy. Researchers are already hard at work in Houston on a number of projects designed to reduce the current high cost of solar energy production.

Meanwhile there is talk of a coal "pipeline" which could carry coal slurry mixed with water across the country and further increase the competitive position of coal. In all these ventures Texas seems certain to play a major role.

As the centre of gravity in the U.S. moves gradually towards the so-called "sunbelt," the importance of the Texas economy must increase. The State stands near what will one day be the new crossroads of the country and there are few States in the union better placed to take advantage of this challenge.

D.B.

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And, in the production of petrochemicals from oil and gas, Kellogg designs and builds process plants to manufacture ethylene... the basic building block for plastics, synthetic fibers and paints.

So, when you're asked (as happens so

often), "What do Texas and Britain have in common?" answer, "Pullman Kellogg," or, "Kellogg International Corporation." You certainly would never answer, "The Queen's English." Would you, podnah?



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TEXAS IV

Oil industry turns international

THE HEART of the American petroleum industry is in Texas, where the State's oil has nourished it from infancy, and kept it growing into maturity over 75 years.

The industry in recent years has been taking on an increasingly international character—most notably now with dealings in the North Sea and with Russia and China—as more and more Governments around the world seek to exploit their countries' hydrocarbons.

Texas oilmen have the experience and advanced equipment to find petroleum beneath land and oceans, and then to produce it, transport it, process it and market it.

Ironically, the oil in Texas which has been so important to the industry's growth is declining rapidly because the State is producing much more oil than is being found to replace it. Some authorities on oil say there is less than 10 years' supply left, assuming continued high levels of withdrawal and no new major discoveries.

The authorities say the situation is the same with the State's natural gas and natural gas liquids, which since the 1940s have been a vital feedstock and source of energy for Texas' petrochemical industry, the largest in America.

The impact of these declines on Texas' booming economy is beginning to be studied by various governmental and industry groups. Meanwhile, refineries in the state are seeing increasing amounts of foreign oil flow through them while chemical companies have started to look for foreign sources of natural gas liquids. Also, plans are underway by a consortium of oil companies for a superport off the Texas coast.

The modern Texas oil industry has been evolving since January 10, 1901, when an eruption of oil blew high over a drilling derrick in a marshy patch called Spindletop, 100 miles from Houston. The well—1160 feet deep, shallow by today's standards—produced more oil in its first year than several thousand wells in the eastern part of the U.S. By 1902, there were 138 wells at Spindletop producing millions of barrels of oil.

Before this famous "gusher" in America. In 1973, 637 rigs provided the state and completed 12,306 wells. Oklahoma, a neighbouring state, was second with 117 rigs working, drilling 3,843 wells. Usually oil or gas is found in about one out of seven holes drilled. Even when petroleum is discovered, it's often not in commercial quantities.

The most familiar sight on the Texas landscape is the so-called pumping jack, whose long steel beam bows to the ground in the regular up-and-down motion. Such jammers can be seen sitting in the back of church yards, on farms and ranches, and in Houston's municipal rubbish dump.

Indeed, the biggest row in Houston these days is about a proposal to drill six oil wells in Memorial Park, the city's loveliest park. Public opposition to the idea has been surprisingly strong, considering it is Texas. About 232,500 wage earners work in the oil industry in Texas, according to a spokeswoman at the Texas Employment Commission. The figure represents only about 5 per cent of the Texas labour force of 4.46m. people, which is an indication of the State's diverse economy.

However, the spokeswoman pointed out, "There used to be a good many more people in the oil industry, but now it's so developed and advanced that all you need is people to stand around and watch valves and gauges."

The industry has also given Texas the healthiest State Treasury in the U.S. Last August 31 it had a surplus of \$1.72bn, thanks to a considerable extent to the tax revenue gained from oil and gas output.

The action centre of the State's oil industry and the largest U.S. oil company have either their headquarters or major divisions in exploration, production, research, processing and marketing in the city. They reside in the shimmering new buildings, bearing the industry's pipelines, refineries, standards of Exxon, Texaco, Gulf, Shell, Tenneco, Pennzoil and the like.

Within the Houston region, Texas continues to have more according to the Eaton Houston

Oil Directory, there are also about 380 other oil companies, 996 suppliers and manufacturers of oil-related equipment, 166 marine service companies, 135 geological companies, 83 refiners (having a quarter of the nation's capacity), 88 pipeline companies, 127 chemical plants, 81 drilling contracting firms, and 96 seismic companies.

The Chamber of Commerce says that about 270 of these firms are doing work in the U.K. in activity related to the North Sea. An indication of the global nature of the industry's operations is seen in Houston's seismic companies, which are involved in the work from pole to pole. Their crews are in daily communication via satellite with Texas from places like Chad, Africa, Saudi Arabia, Pakistan, Canada, Indonesia and Guatemala.

There are some 200 countries in the world which border on the oceans. Houston drilling contractors have their rigs off the coasts of almost half of them, according to Loran Sheffer, who heads Offshore Rig Data Services.

For many years, Houston firms have been doing business in the Far East and the Middle East. Now they are starting to get a trickle of business from China and the Soviet Union as these two countries expand their petroleum programmes.

Last year, Geo. Space, a subsidiary of Applied Magnetics, and a leading international manufacturer of geophysical instruments, sold about \$5m. worth of sophisticated seismic equipment to the Chinese in a deal similar to one the company made with the Soviet Union in 1973.

Other Houston firms, like Cameron Iron Works and Dresser Industries, major oil-equipment manufacturers, have also had recent visits by the Chinese. Last November, 14 Russian engineers were involved in a month-long training programme with Atlantic Richfield (Arco) in Houston. They learned how to operate and maintain equipment to be used in a new petrochemical plant.

Arco is providing through a licensing agreement the technology for the plant's construction. With its oil having been

largely responsible for such a vast industry, it is little wonder there is mounting concern in Texas about the state's reserves running out.

Dr. Charles Groat, associate director of the University of Texas Bureau of Economic Geology, said in a recent speech in Houston, "we have seen production increase and reserves decrease to the point that as of 1974, proved (recoverable) reserves of oil were at 11bn. barrels which, not allowing for new discoveries, would last 9.2 years at 1974 production rates." The rate was slightly over a billion barrels of oil for the year.

He noted that in 1974, only 12m. barrels of recoverable oil were added to Texas reserves by exploration, compared to 110m. barrels in 1964 and 68m. barrels in 1954.

"Reserves of natural gas," he added, "the cleanest and until recently, the cheapest fuel available in Texas, have decreased to 79 trillion cubic feet which would last ten years at 1974 production rates."

This is bad news for a State that is not only the nation's biggest energy producer, but also the biggest consumer, using about 9.5 per cent of all energy used in the U.S. About 60 per cent of its energy needs are met by natural gas and a little over 30 per cent supplied by oil.

Many Texas oilmen argue that much more oil and gas could be recovered if the federal government would at least lift current price controls on petroleum, thereby providing more incentive to explore and also use expensive "injection

techniques to withdraw currently unrecoverable oil in like ethane and propane, from existing fields. Sometimes this such countries as Saudi Arabia oil represents more than 50 per cent of the field.

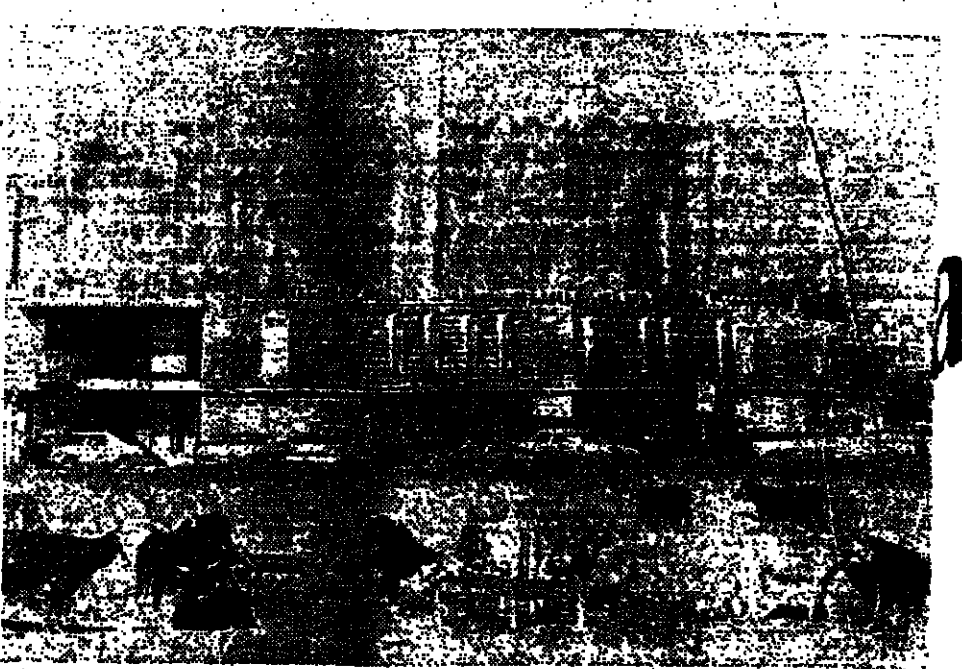
In a separate development, since the Administration is in no mood to give oil companies more money, the thought in Texas these days is to prepare for increasing Houston, to build a terminal 35 miles off the Texas coast for term answer to keep things stable—unless of course has submitted its application for construction to the U.S. Department of Transportation.

A top executive with Allied Chemical in Houston said that \$700m. facility would be able to handle about 2.5m. barrels of oil by the petrochemical oil per day by 1979. By firms to bring into Texas large, parison, the current production

of Texas is now about barrels per day. In the longer term, it probably be the normal for large scale use in Texas legislature last session. The State's proved reserves and 10 times more than the proven reserves.

Congress production is growing from 2m. tons in 1980, Texas is expected among the top ten producers in the U.S.

Peter



Home on the range. Cattle grazing in the shadow of an oil refinery near Houston.

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Oil companies seek price incentives

JUST OVER 2½ years ago, the Arab world slapped the United States with an oil embargo, high with 1.811 rotary drilling rigs actively looking for new oil fields and gas holds or developing those already discovered. But since then, there has been a "disastrous" slowdown, according to A. V. Jones Jr., the Texas president of the Independent Petroleum Association of America, the country's largest association of independent oilmen, who drill 70 to 80 per cent of U.S. onshore wells. The number of rigs working has fallen to 1,520, a 17-month low. Leading independent oilmen like Michel T. Hahouty, of Houston, say they are going to drill 20 per cent fewer wells this year than last.

Drilling offshore has generally been stymied by a lack of leases, but also to some extent by cuts in the cash flows of major oil companies, caused by recent legislation. Texas oilmen have long argued, however, that the best way to reverse, or at least slow, the country's energy decline is by extensive drilling offshore, where there are believed to be large fields of oil and gas. So far the Government has leased to oil companies only about 1.4 per cent of the country's total continental shelf area. Only about 2.5 per cent of the shelf has been explored and tested by drill, mostly in the Gulf of Mexico.

The Ford Administration has been trying to speed up lease sales but has been hampered by court suits, political manoeuvre, strong environmental opposition and Congressional changes in offshore regulations. The two sales that have been carried out recently, for areas off California and Alaska, have featured bidding far less than the Government expected. Oil companies say they have to be extra cautious with the way they spend their money simply because they have less of it.

Offshore drilling contractors are not inclined to buy rigs. Marathon Manufacturing of Houston, regarded as the largest manufacturer of offshore drilling rigs in the world, has received only one order for a rig since early 1975, and has had 10 rig orders cancelled. The company president, Gene Woodfin, blames his woes more on Washington than on the worldwide glut of rigs.

The best indicator of future exploratory drilling in the U.S., both onshore and offshore, is seismic crew activity. Seismic crews do a sort of electronic thumping of the earth for interesting oil-bearing geological structures, and are usually followed into a prospective area one to three years later by drilling crews to test whether petroleum is actually there.

When seismic work goes down, drilling follows it exactly soon afterwards," says Charles Darden, president of the International Association of Geophysical Contractors, which is based in Houston. Since July, 1974, the number of active seismic crews in the U.S. has fallen from 334 to 240, close to a 30 per cent decline.

Little attention was given the fact that for the first time in years, oil companies had the incentive to begin sharply increasing their U.S. drilling programmes, which had been in the doldrums throughout the 1960s and early 1970s because of the country's previous surplus production capacity, cheap imports and federal controls on gas.

Many members of Congress became obsessed with cutting away at the industry's "obscene profits." Congress virtually eliminated in March last year the oil depletion allowance, a half-century-old tax concession which allowed producers to take up to 22 per cent of their revenue from oil and gas extraction as a deduction from taxable income. (All other mineral resources taken from the ground to-day in

the U.S. continue to have depletion allowance.) Then, under the Energy and Conservation Act, pushed down the average of U.S. produced oil from \$7.66 a barrel "Of which is two-thirds of 1 able U.S. production— at \$5.25 per barrel. "N is priced at \$11.28 a barrel average price will be 1 rise a maximum of 10 per year, with the con tending for virtually of the decade.

The end of the allowance and the roll prices, top oil executives will take about \$5bn. of industry's pocket annual would otherwise go for tory drilling in the U nothing but good in OPEC, they say.

Stopped Congress also recently efforts to decontrol the natural gas piped states, which falls under pricing jurisdiction. The price of this gas is a cents per thousand cubic figure which the indus long said is too low to p drill for and produce.

Congress currently is in serious debate about further tax burdens on industry and establish unprecedented program government exploration. It's also considering bre America's 16 largest in companies, forcing inter dispose of their refineries and marketing. It is argued, making the try more competitive and cheaper.

Of these actions Gene fin of Marathon says, "C seems dedicated that never achieve energy idence." A leading Tex ing contractor claims, "C is making the oil bus among Texas, 85 per cent, surveyed felt the fuel shortage was merely a contrivance by the major oil companies to make more profits.

Drilling Little attention was given the fact that for the first time in years, oil companies had the incentive to begin sharply increasing their U.S. drilling programmes, which had been in the doldrums throughout the 1960s and early 1970s because of the country's previous surplus production capacity, cheap imports and federal controls on gas.

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A Salute to Britain from Texas and Cameron

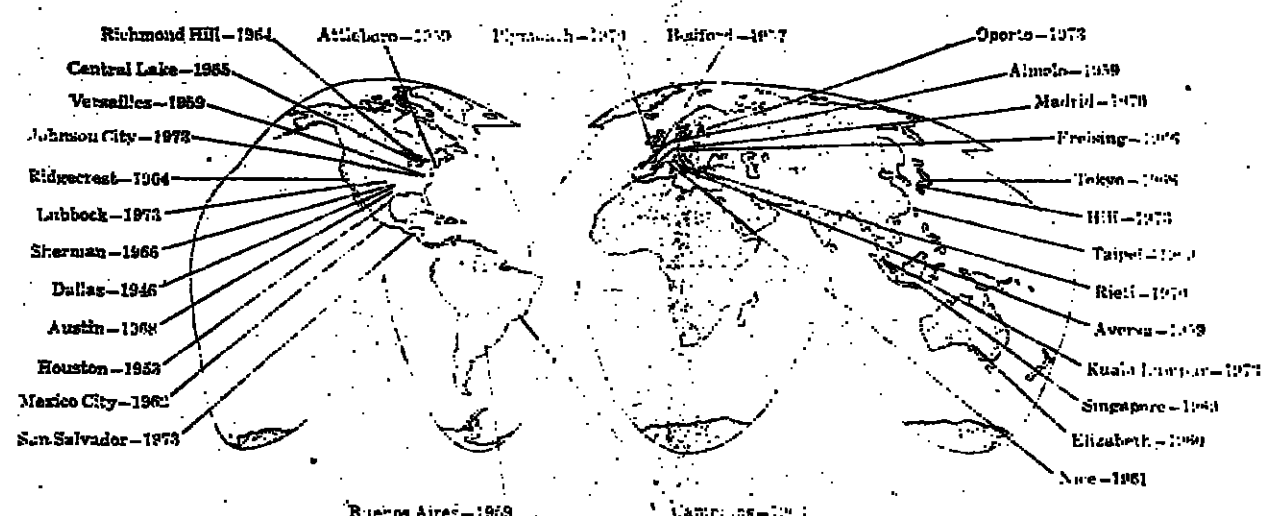
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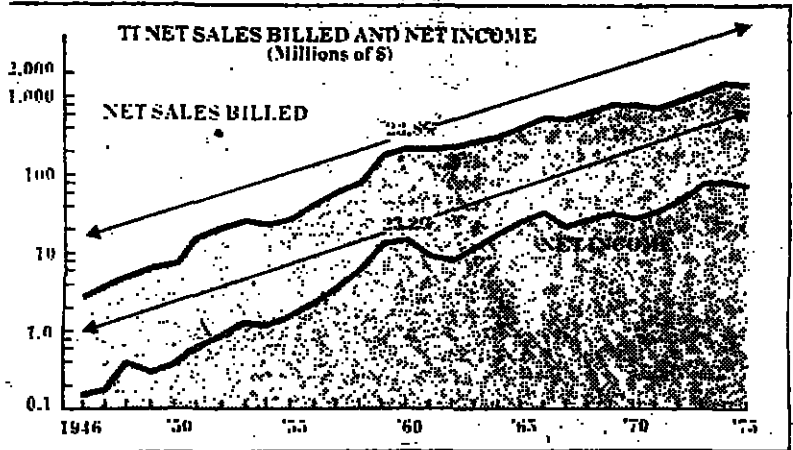


هناك ما هو الجيد

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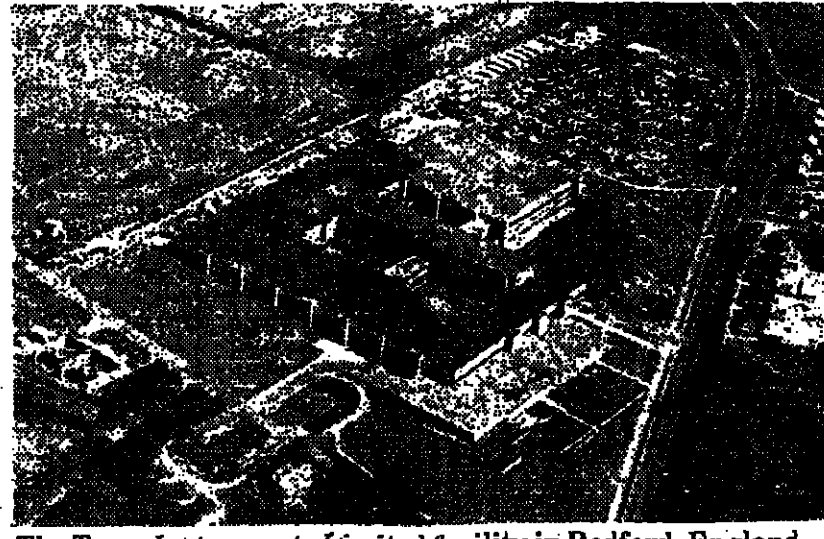
Sources of TI's technological strength:

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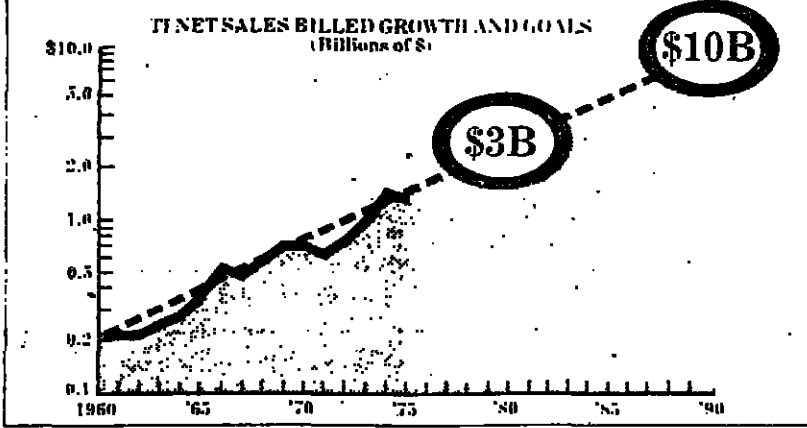
The Texas Instruments Limited facility in Bedford, England.

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TEXAS INSTRUMENTS
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TEXAS VII

A tale of two cities

feature of the growth the past 20 years has been the spectacular expansion of the largest urban areas—Dallas-Fort Worth.

Between them is the power they are not enough to the development of the state's 12m. within the bounteous two conurbations. still be the state much of the political, economic power is to be found in the city.

Energy

Houston is dominated by the oil industry and almost all the 25 major U.S. oil companies have large offices in the city. It owes its pre-eminence partly to the fact that it benefited from the exploitation of the State's own oil reserves and partly to the fact that it has used its position near the sea to develop a massive petrochemical and energy complex.

More than fifty years ago Houston decided to dig a large ship channel to connect with the sea some forty miles away. At the time this was thought to be the height of folly, but it has turned out to be extremely wise. The channel is now lined with large petrochemical and other plants which make it the world's largest petrochemical complex.

The city has also benefited from the fact that Lyndon Johnson lobbied hard to get the National Aeronautics and Space Administration to build its manned spaceflight centre near the city. Not only did this bring a good deal more money into the economy but it also helped

to put the city on the map. So also did the Astrodome, the cavernous indoor sports stadium which, when it was built, was the largest in the world and attracted attention from many countries.

If NASA is no longer the power it was in Houston, the city has scarcely noticed. It is particularly fortunate because, while the rise in the price of oil seriously affected many other parts of the U.S., it meant a great deal of new business for Houston and enabled the city to consolidate its position as the energy capital of the world.

So fast has Houston been growing these past 10 years that it is difficult to escape the impression that sooner or later it will have to pause for breath if it is not to be overwhelmed by the problems that unrestrained growth inevitably brings with it. Houston has no zoning laws—the equivalent of British town and country planning regulations—with the result that the expansion has been haphazard, ill-co-ordinated and disorganised.

Without its network of freeways the city could not hang together. With it Houston almost comes to a halt in the morning and evening rush hours. There is an underdeveloped bus system and no other public transport at all. There is talk of a new rapid transit system—based either on high-speed buses or an railway—but that is still in the planning stages and the last scheme was turned down by the voters.

Despite these problems most of the people who move to Houston appear to be very happy with what they find. The cost of living is low, housing is better and cheaper than in the

north and the weather, tempered in the summer by air conditioning, is enticing. Companies that have moved to Houston have found that their productivity has increased, absenteeism has declined and few of their employees want to move back to the north.

The President of the Houston Chamber of Commerce remarked recently with a smile that the difference between Houston and Dallas was that Dallas had built a city while Houston had built an airport. But while it is true that a good deal of energy in Dallas has been concentrated on the new airport in the past few years, the differences are more fundamental.

Dallas-Fort Worth (DFW) is a partnership of two cities that have traditionally been rivals. Together they have built what claims to be the most modern airport in the world. They expected it to be a major catalyst for future growth in the region. But the two cities do not have a great deal in common despite the partnership.

Settlers

In a very real sense Dallas has no reason for existing. It owes its prosperity to its early settlers who were determined to make it into a major city. With no access to the sea, and scarcely even a rail link in the early days, they decided to build Dallas into a major distribution centre and this they have succeeded in doing. In the process the city also became the financial centre of the State although it is now being strongly challenged by Houston. This financial expertise in turn attracted insurance companies and to-day Dallas is the second most im-

portant insurance centre in the U.S.

Almost every major company has a distribution centre in the area. DFW also has a number of high technology industries within its borders and proved more vulnerable than Houston to the recession which undoubtedly has slowed down its growth in the past two years.

Nevertheless Dallas sees a strong future for itself chiefly because it believes that, as the move towards the "sunbelt" accelerates, more and more companies will want to settle near the airport which is only about three hours away from all the major cities in the country. DFW is out to become the crossroads of America.

In the past Dallas has had the reputation of being a rather cold city but those that know it best say that it no longer deserves this reputation, nor, they maintain, is the city nearly as conservative as it once was although it remains Republican. It took the city some time to recover from the shock of the assassination of President Kennedy but events elsewhere since then have shown that Dallas does not deserve to be singled out for special blame as it once was.

Recent immigrants speak warmly of the city which, like Houston, has a good supply of housing. Life in the city is equally based on the suburbs which are well developed. At the moment the city is trying to find a way of introducing "bussing" which will not alienate the city's white parents and it is a measure of the city's civic awareness that the plan most likely to be accepted by the Federal Judge administering the plan has been drawn up by a group of local businessmen.



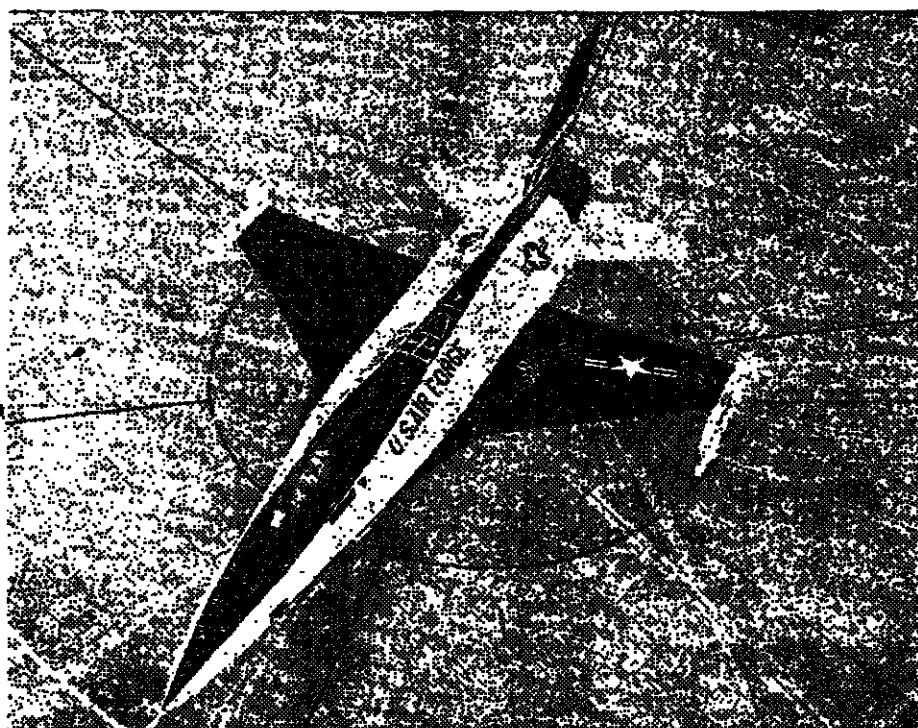
The Amon Carter Museum of Western Art at Fort Worth.

Despite all the recent changes Worth is now home to General Dynamics which is building the new F16 fighter.

Dallas is run by a small group of businessmen and bankers who are said to have the real power within the city. This accusation has surfaced again during the special mayoral election campaign now going on. But most observers believe that Dallas is now a much more open city than it was and recent immigrants claim to find little evidence of the tight oligarchy that is said to exist.

Although they are not many miles apart there is still a noticeable difference between Houston and DFW seem likely Dallas and Fort Worth. The latter is more relaxed and that their own success is generally a little more friendly rating. They will have to find a way of easing the congestion on their roads which threatens to strangle both of them in time. They may face new demands from blacks and other minorities for better housing and other social services than the industry in the area and Fort will have to see if there are

David Bell



The General Dynamics F16 fighter interceptor.

Aerospace

CONTINUED FROM PREVIOUS PAGE

also says "national executives around in a hurry. Helicopters are shared by the oil industry has been a large market, especially in drilling and production regions like the Gulf of Mexico, the North Sea and Indonesia. Shipping with the Army, Navy and Marines to either update old equipment or supply new such activities as taking harbour pilots out to incoming vessels. Also, replacement crews, mail and supplies are flown out to ships, saving time and fuel.

Banks

One of the newest applications involve banks. In Tampa, Florida, Bell turbine helicopters make regular trips to suburban pick-up savings deposits, cancelled cheques, loan payments, and other papers, and then to the bank's main headquarters for processing. This allows the banks to invest the money more quickly, and hence make more interest. The First National Bank of Tampa, stated in the January, 1975, issues of Banking Magazine that it obtains an additional 40,000 items, or about \$2m, a

day by this process. Costs of helicopters are shared by several banks.

In its military activity, Bell has numerous contracts for at least another two years' work with the Army, Navy and Marines to either update old equipment or supply new such activities as taking harbour pilots out to incoming vessels. Also, replacement crews, mail and supplies are flown out to ships, saving time and fuel.

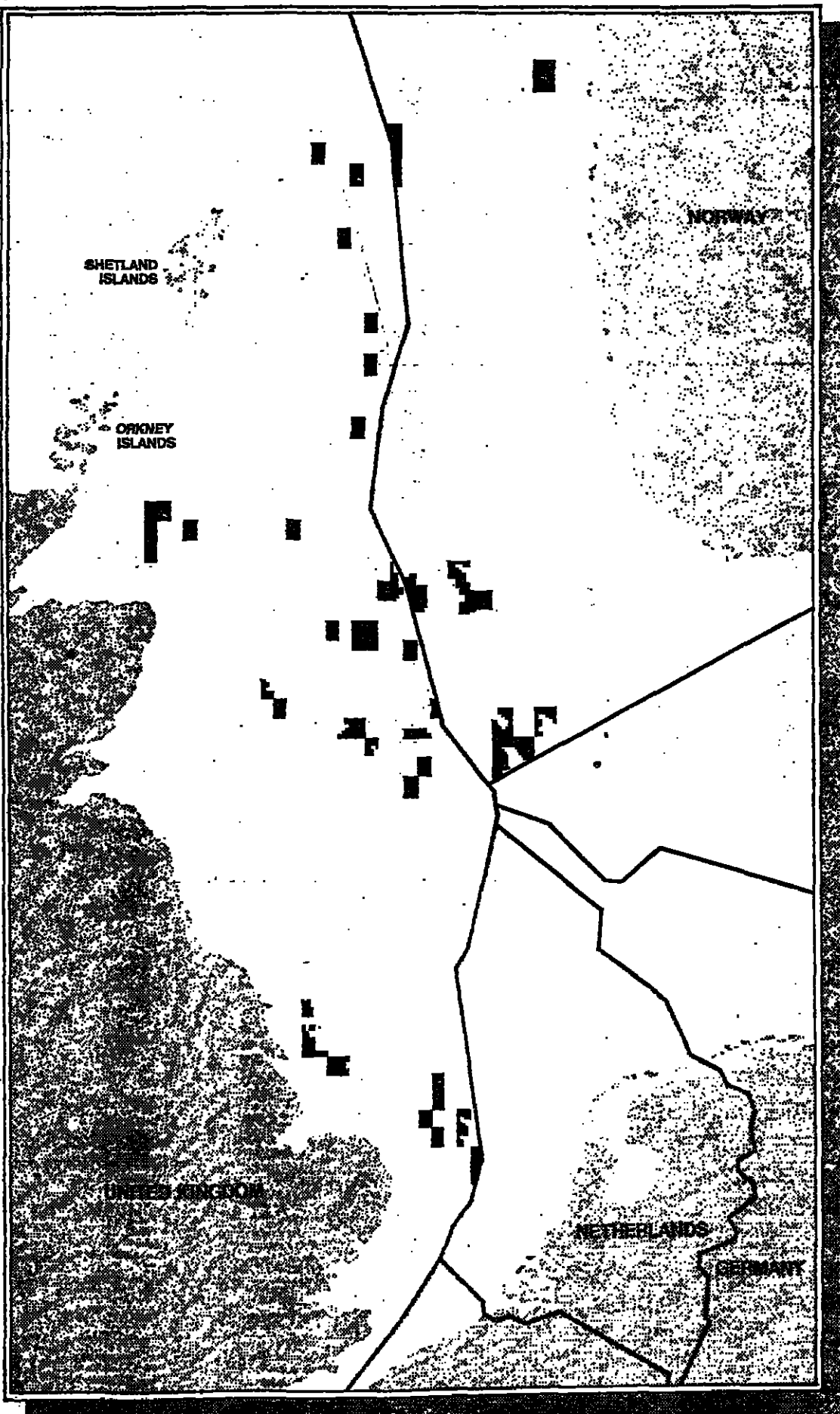
Mr. Reich points out that Canada, Australia, and some governments in Europe and Latin America have switched part of their military strategy to an "air mobile concept," which the U.S. Army and Marines used in the South East Asian war. They are buying, or receiving through U.S. military assistance, he says, transport carriers like those Iran has contracted to buy. However, he says, no other foreign country outside Iran has received the Cobra.

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This map indicates Texas Eastern's areas of activity in the North Sea. A larger, coloured version is contained in our latest Annual Report.

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COMMUNICATIONS HAVE played a vital role in the past 20 years in binding together the vast sprawling State of Texas as its growth has exceeded even the expansive projections of Texans themselves.

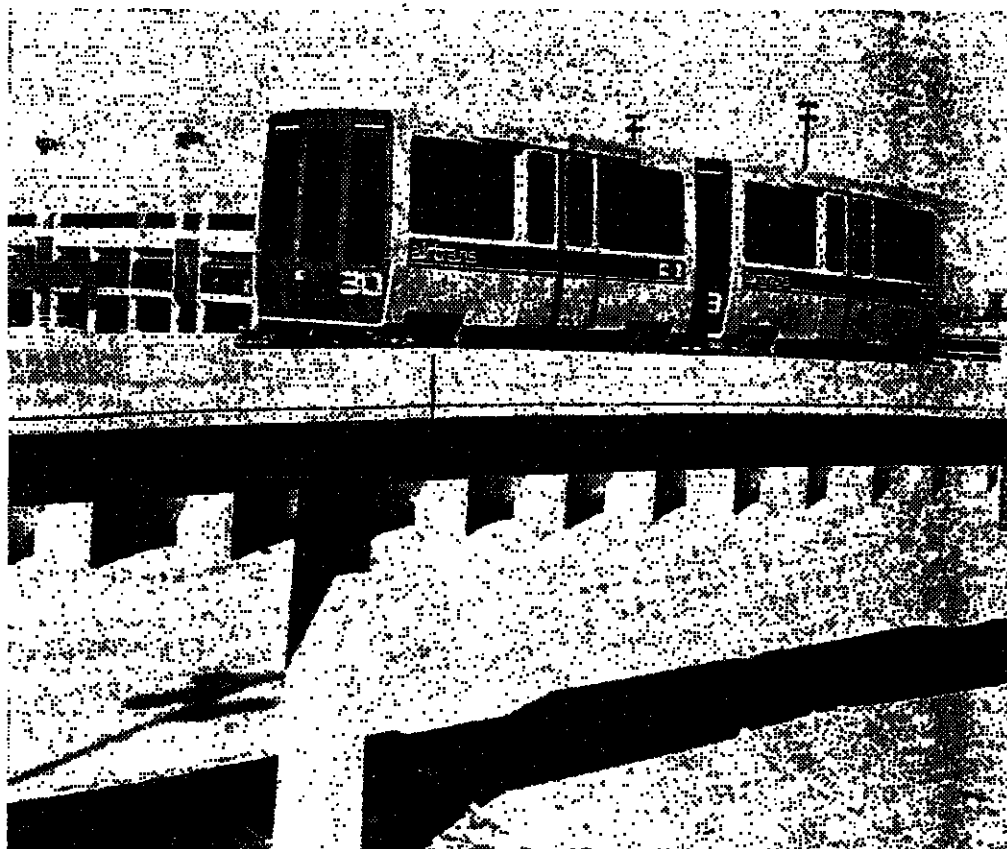
The statistics tell a good deal of the story. The State now has over 70,000 miles of paved roads, many of which are linked into the federal interstate highway system. There are some 1,300 airports which make even the remotest parts of the State easily and quickly accessible. Nearly 40 railway companies operate some 20,000 miles of track within the State connecting the major cities with 25 ports, 12 of which are deep water harbours.

The Southwestern Bell Telephone Company, which operates most of the telephone system in the State, estimates that by the end of this year there will be some 7m. telephones in Texas, almost double the number there were ten years ago. The company expects there to be some 2m. more by 1981.

At the same time the network of oil and natural gas pipelines within the State has played an important part in its industrial growth. Some of the pipelines also feed into the national pipeline network.

Texans are proud of these statistics which they believe put Texas in a particularly strong position for the future, as the centre of gravity of the U.S. gradually moves south and to the west. For the State can fairly claim to be at the heart of the growing south-west region and, in a very real sense, at the crossroads of the country as the population continues to shift.

It was not always like this. When Dallas was still little more than a big village in the 1870s, the council had to bribe a railway company to bring its tracks to the community which it had planned to bypass. Now, however, Dallas is bidding to become the Chicago of the next century, offering its new airport as the air transport hub of the country much as Chicago was the rail transport hub in the 19th century.



The Airtrans transport system in operation at Dallas-Fort Worth Airport.

The Dallas-Fort Worth airport, rapidly in the years ahead. Seldom can an airport have been chosen to play such a key role in the development of an area, but the Dallas-Fort Worth planners are convinced that it is already playing a major part in attracting new business to the area. Dallas is already an important distribution centre and expects to become a major corporate headquarters region as well, not least because the airport is a mere three hours from almost any major city in the country.

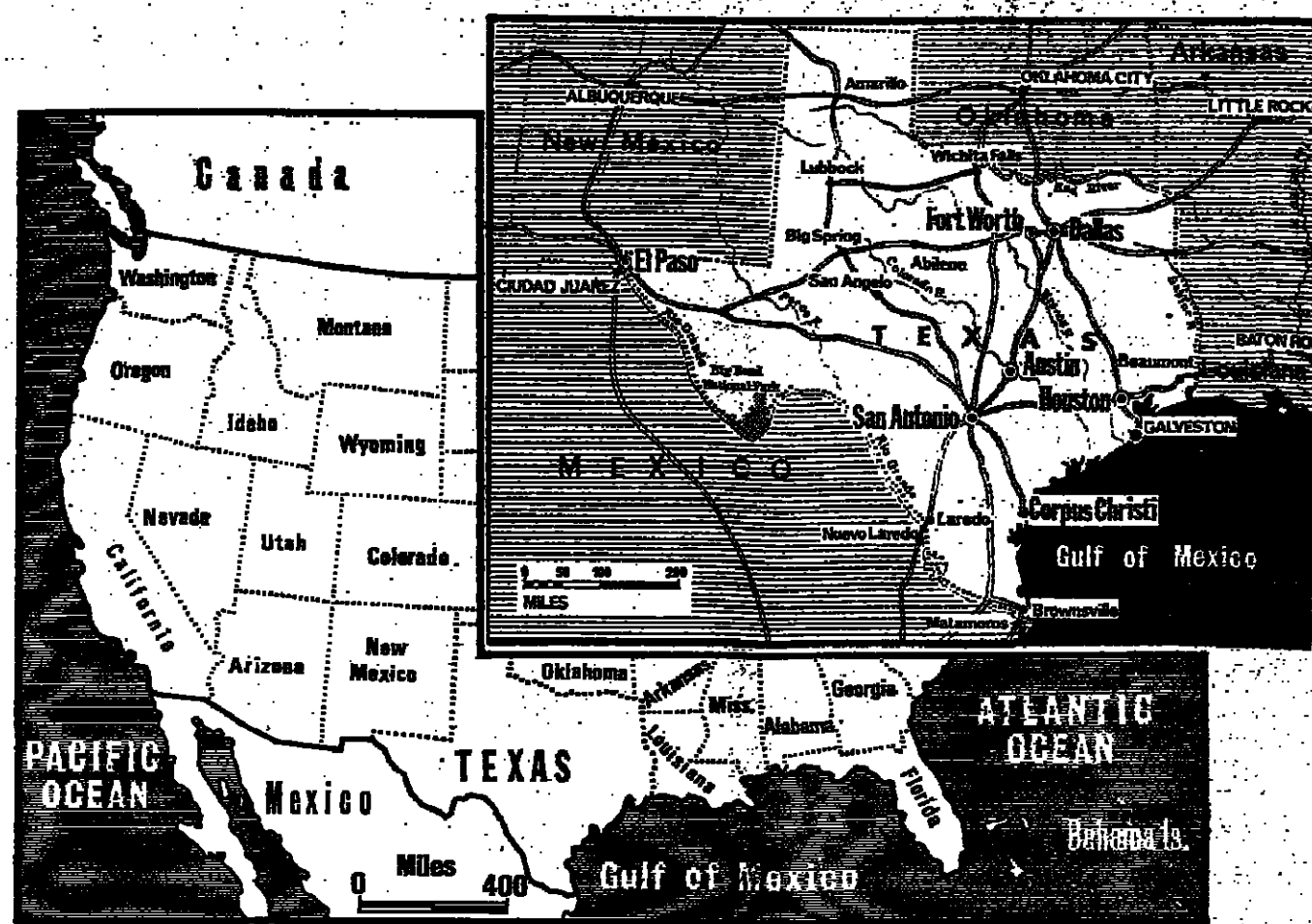
Cargo

Only four out of an eventual 13 terminals have been built on the 17,000 acre site and the airport's planners envisage a cargo handling area so large that it will one day be able to handle some 200 cargo 747s at the same time. But this is still some way off. Last year some 7.4m. people started flights from Dallas and that number is expected to grow

and change. The U.S. Civil Aeronautics Board is currently considering requests from several airlines for trans-Atlantic services and it is expected that it will not be too long before a service is inaugurated. Certainly the demand is already there.

But Houston and Dallas have not been the only parts of the State to grow and there has been an explosion in the number of intra-Texas flights by local airlines offering a full range of commuter services. There is also a sizeable body of private pilots and a good number of Texans have their own aircraft.

The road system continues to play a very important part in the State's economy. Texas boasts almost as many cars as it has people and the energy crisis appears only to have had a temporary effect on Texas



driving habits. The major urban areas have grown so rapidly that they have had to rely on a network of freeways to hold them together. Houston, for instance, has a good highway network which links the sprawling metropolis effectively—out of rush hour.

But Houston, and Dallas to a somewhat lesser extent, are already aware that they are going the way of Los Angeles at rush hour with the freeways clogged and exhaust pollution becoming a serious environmental problem. Since Houston has no geographical barriers to its growth—which continues at a rate of 1,000 people a week—sooner or later there will have to be some better system of mass transit than currently exists.

Both Houston and Dallas have already begun to consider plans for such a system, but there are no signs yet that either city has the will to spend the kind of money that will be needed to create one, or that sufficient thought has been given to the kind of system that might be appropriate. Even some of the smallest cities in the State, like San Antonio, are beginning to have the same problems and, as Texas grows, ways will have to be found to come to terms with

the car, particularly inside the major urban areas.

Like other American states, Texas is able to rely on an extremely efficient telecommunications network which is particularly important in view of its size. Indeed while telephone demand slowed down dramatically in many parts of the U.S. during the recession which has just come to an end, Texas remained one of the brightest spots in the Bell System.

Telephones

Bell expects to spend \$900m., or \$3.4m. per working day, on new telecommunications facilities in Texas alone this year. The company expects to add about 348,000 new telephones during the year and proudly notes that it has only 4,000 customers who have had to wait more than 30 days for a connection.

In fact Texas has more telephones than all but seven other countries in the world and in Houston Ship Channel which runs for 45 miles to the Gulf 39.5m. local and 3.2m. long of Mexico. It has been consistently modernised and now boasts up-to-date container handling facilities and a new direct dialling network as well as which has proved a great boon for the oil companies and other

organisations with overseas interests.

The Bell System does not operate all the telephones in the Corpus Christi and Texas state, but it runs the vast majority and has been watching telephone demand in Texas and the south west of the U.S. grow steadily in the past few years, many of them are joined Telephone company executives, gathered by more than 1,200, for whom telephone demand is a key barometer for the economic health of the state, see demand continuing to increase as far ahead as they can project with any accuracy.

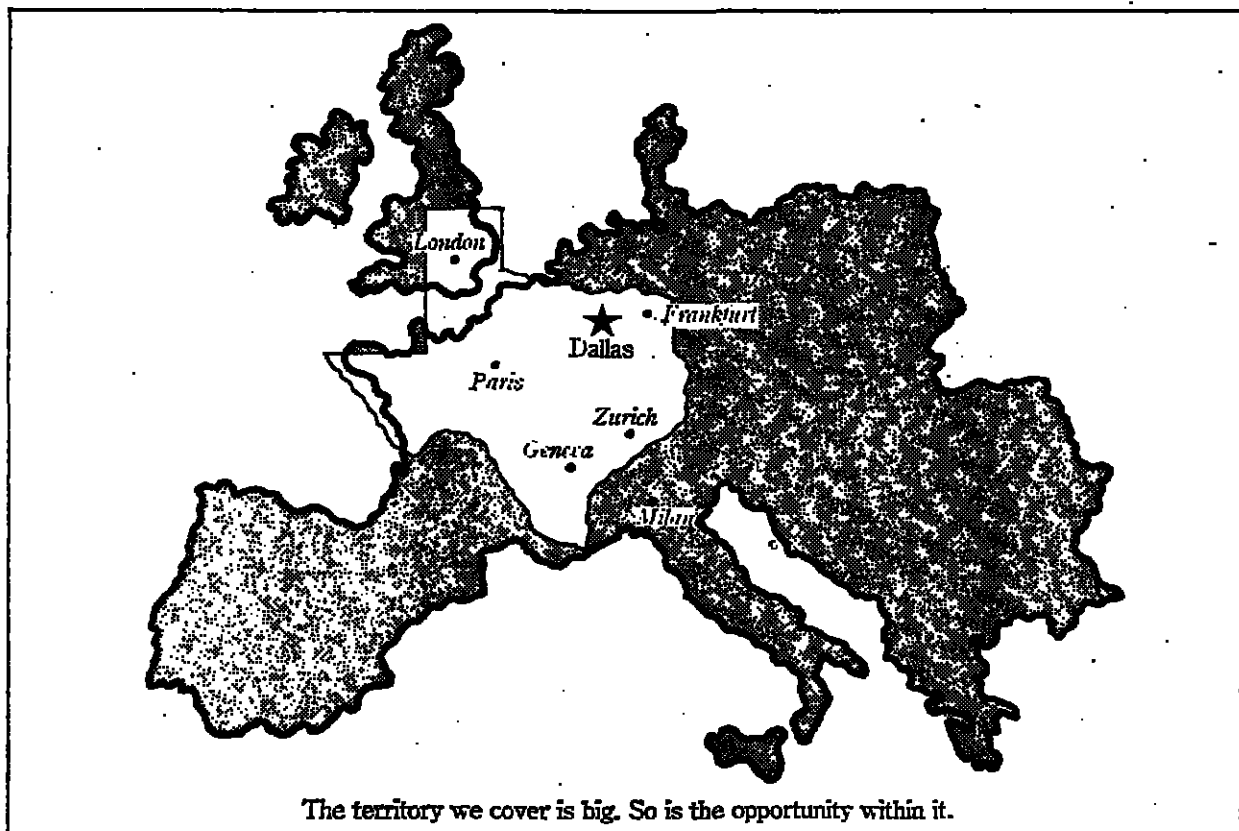
If Dallas is trying to make itself one of the major air cargo centres of the country, Houston is already one of America's major ports. Just as the city fathers of Dallas and Fort Worth opted for the airport as a key to future growth, so Houston's businessmen long ago recognised the potential of the city's location only 50 miles from the sea.

In 1914, despite prophecies that it would never be used, they opened the 40-foot-deep Houston Ship Channel which runs for 45 miles to the Gulf 39.5m. local and 3.2m. long of Mexico. It has been consistently modernised and now boasts up-to-date container handling facilities and a new direct dialling network as well as which has proved a great boon for the oil companies and other

come the third most important in the nation, but the T ports of Beaumont, Port Arthur and Galveston are also listed among the busiest in the nation. Telephone demand in Texas and the south west of the U.S. grow steadily in the past few years, many of them are joined Telephone company executives, gathered by more than 1,200, for whom telephone demand is a key barometer for the economic health of the state, see demand continuing to increase as far ahead as they can project with any accuracy.

as a major pipeline ce. Thirteen crude oil and prop pipelines and 21 gas radiate from Houston and 14 pipeline companies have their headquarters in city operate more than 12 miles of pipeline. Texans are ready, without prompting, to remind the v of just how much the state to offer in terms of its with the rest of the country increasingly with the re world. As more and domestic businesses co plate moving away from the gested north east, and as foreign businesses set up subsidiaries in the U.S., these munications links are cer a powerful reason for the consider the state very care

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A university study indicates children learn basic skills faster when taught by formal methods. Michael Dixon draws four lessons.

Common-sense teaching and the Three Rs

THE PUBLICATION of a detailed research report from Lancaster University has brought this country face to face with a crisis in the conduct of its educational affairs. The question which now needs to be decided is not new: "Who shall have power to determine the educational practices to be in the nation's best interests?" has been debated for years. What is new is that the Lancaster report—indicating that children progress faster in the basic skills of English and mathematics when taught by formal methods—has refuted for all to see the notion that the teaching profession necessarily knows best.

The expansion of the State education system in recent years has been accompanied by complaints from parents and employers that the system's results are not to their liking. Outstanding among these laymen's criticisms has been the contention that the teaching profession's move away from straight-forward instruction towards an informal approach—allowing primary-school pupils considerable choice over whether to study or not—has led to a decline in youngsters' proficiency in the fundamental skills of reading, writing and arithmetic.

But the organised educational interest groups have largely dismissed these complaints, and not always politely. People voicing them have often been ridiculed as "dinosaurs" to the old to have experienced the joys of a modern schooling, and too prejudiced by the authoritarian type of education they themselves received to concede that their own children or grand-children ought to be treated more considerably.

In maintaining the teachers-know-best attitude—if not in

hurling insults—the educational groups have been supported by several committees of educational experts officially established to conduct inquiries. An example is the Bullock Committee which last month reported its findings on the teaching of literacy among schoolchildren, which cost the taxpayer an estimated £65,900.

The Committee stated that it had been unable to find firm evidence of any overall decline in the youngsters' reading and writing skills, although it did conclude that operational literacy seemed to be becoming increasingly concentrated among the children of unskilled and semi-skilled workers. This seemed an ominous point to some of the critics of informal teaching who had argued that, while children from homes where books are plentiful and reading a habit might well respond to an easy-going school atmosphere by wanting to read and write, children from book-less homes and non-reading parents were more likely to spend their classroom hours just playing.

But the Bullock Committee evidently had little patience with this argument. On the vexed question of teaching methods, its majority view was unequivocal: "... there is no one method, medium, approach, device, or philosophy that holds the key to the process of teaching to read." The Committee's report declared: "We believe that the knowledge does exist to improve the teaching of reading, but that it does not lie in the triumphant discovery, or re-discovery, of a particular formula."

The organised educational profession accepted this judg-

ment, even though the Committee's supporting arguments amounted to little if anything more than opinion. It was, after all, the opinion of people who were education experts, whereas the bulk of those who favoured the opposite were not. There was doubtless some justice in preferring the experts' view so long as the dispute could fairly be seen as only a clash of opinions. But the research published this week from Lancaster University suggests that this is no longer so.

Starting with an inquiry among 571 schools in and around Lancashire, and narrowing down to a close study of ten and 11-year-old children under 37 different teachers, the University's research has produced findings which surely contradict the Bullock Committee's declaration about teaching methods. It is not the only research to do this. A smaller study from Keele University has offered a similar message.

The findings suggest that the children taught by formal methods tended to be not only more advanced in the skills of English and mathematics, but also less capable of creative writing than their counterparts in the more easy-going classrooms. True, the signs were that the informal approach enhances children's motivation to learn, but it does so in the vital matter of inculcating the basic skills—no doubt to rival the other practice of supplying the motivation from outside by making the pupils work at their studies.

Moreover, the informal approach in spite of its concern with "treating children as people" and allowing them considerable freedom of choice in their social surroundings, was



All smoking, all looking interested, but learning? Pupils and teacher at White Lion Free School.

found to be associated with greater anxiety especially among pupils who were insecure or academically bright, than were the formal regimes with their emphasis on relative quietness in class and plenty of tests.

In publishing the findings, the Lancaster report takes pains to give warning against drawing simplistic conclusions from them. It points out that the sample of teachers studied included one user of the "progressive" approach whose pupils showed exceptional progress in the basic skills.

This point alone is a compelling reason for refraining from taking extreme action on the report such as outlawing the "progressive" approach. But it is certainly not a reason for taking no action at all,

especially since the research sample of nearly 37 schools and teachers included only a single informal teacher whose results in the Three Rs were notably successful.

Throughout the controversy the more thoughtful of the common-sense critics who postulated a connection between teaching method and children's proficiency in basic skills have never contended that the informal approach was by its nature useless. Their argument is merely that the effective application of this approach requires a talent for teaching far above the average among a school's teaching force, now numbering about half a million. And this argument seems to be supported by the outcome of the Lancaster research. In an ideal situation there

This means leaving the national tests whose results, highly talented as free as with a head's report, would be possible to teach as they know best, while concentrating on improving the average performance of the thousands of less gifted teachers. And as for this average performance, the following words from the Lancaster report seem to be distinctly relevant:

"The central factor emerging from this study is that a degree of teacher direction is necessary, and that this direction needs to be carefully planned, and the learning experiences provided need to be clearly sequenced and structured. It would seem less than useful for a teacher to stand by and leave a child alone in his inquiries hoping that something will happen. As Bruner pointed out, discovery, like surprise, favours a well-prepared mind."

If that not unduly rigid criterion is to become the rule, and the informal approach, the rare and justified exception—overwhelming majority of young children in ways that will evidently be useful to them in later life—then a number of other detailed measures will be necessary.

The first is surely a general stipulation that every child not mentally or physically incapable of it has a right to possess at least operational skills of literacy and numeracy by the time it leaves primary school, and that teachers have a duty to see that this entitlement is satisfied, whether the child appears to want it or not. At present there seems to be no do the best we can for as many children as possible with the distinctly imperfect education system that we can afford.

The second need is for the Secretary of State for Education to be able to supply "earmarked" funds to local authorities for further research in State schools. Although the Lancaster project has provided a valuable guide for action, it is essential to continue seeking ways in which the average teaching performance can be improved.

To introduce these measures would—surprising though it seems—require the Cabinet-rank Mr. Fred Mulley to be given powers that he does not have as Education Minister. If he could be given them with the consent of the organised teaching profession, so much the better. But if, as seems more likely, this consent were lacking, then the Minister and his potential Conservative successor should surely prepare to take the necessary powers anyway.

Letters to the Editor

Investment Trusts

From Mr. N. Prouse.

Sir—Mr. Grimond's letter (April 22) on the disparity among investment trust shareholders at the increasing discounts to asset values needed for their shares to find buyers. The problem is not one of investment performance, nor of management expenses, which remain relatively small, nor of the plethora of trusts with confusingly similar names, nor of the incestuous relationships, by which "some trusts have large holdings in each other. It is a simple problem of supply and demand. The industry is just too big for the market it now has.

On the supply side only a few trusts have disappeared by takeover or conversion into unit trusts. Managers of closed-end funds like investment trusts can only increase assets under management, and hence raise fees to offset higher costs, by rising equity prices or launching new trusts. Since equity prices in the U.K. and U.S. have moved sideways for more than a decade, while costs have soared, there is always a temptation to launch new trusts—a temptation managers succumbed to en masse in the last stock market boom of 1971-72.

On the demand side many of the traditional holders of the shares have moved elsewhere. Institutions like insurance companies and pension funds, who now dominate markets, have grown to the size where they employ managers of their own, who cannot justify handing over the investment of their assets to others. The individual investor is a declining species and prefers now to save and invest through pension and insurance schemes or through unit trusts, where he can be sure of redeeming at any time at asset value.

The discount on investment trust shares can only increase further, as long as this imbalance between supply and demand continues. The industry must either increase demand by finding new markets and/or re-designing its product, or it must reduce supply by shrinking in size. Otherwise holders of investment trust shares will have to take matters into their own hands and force the poorer-performing trusts into liquidation or takeover, since the managers themselves can hardly be expected to volunteer for extinction.

Nicholas G. Prowse.
Oliver's Farmhouse,
Ongar Road,
Great Dunmow, Essex.

Flooring material

From Mr. N. Wright.

Sir—The letters on Floors—timber, concrete or brick?—cannot be left unanswered. Mr. Rackham (April 23) is right to point out the advantages of concrete in certain situations, but to suggest that concrete could or should replace timber for first floor joists and flooring "available at no extra cost" is surely (like his floors) a bit hard!

If he would look on Page 29 of the same issue he would see that, unlike the materials from which his concrete made, timber is a constantly renewing crop, a building material of infinite variety, capable of being made rot and fire-proof, available to the highest engineering specifications and above all, (unlike concrete) both easy to handle and adaptable on site or in the factory.

The place of banks

From The Chief Executive.

Sir—Mr. Gordon Tether (April 22) and Mr. W. Courton (April 23) urge a wider debate on the position of the banks in our financial structure. Mr. Gordon Tether's article was prompted by the decision of Barclays Bank (soon it seems to be followed by National Westminster and then probably the remainder of the Big Four) to increase its bank charges and this has understandably opened the way to a consideration of what the banking system provides for the rewards it obtains. Like Mr. Courton would also support the case for wider debate which could clarify the question of whether we should control more closely the influence which the big banks now have on the financial workings of our society.

The debate I would urge, stimulated by the catalyst of the writings on bank charges and on the management of bank assets, would direct itself to the exact position of our large commercial banks within the part market/part controlled economy we have. Should we, for example, let the banks evolve like other businesses and industries have done, with the making of profits as their incentive? Their very success in achieving this aim, accompanied by the greater size and widely spreading leverage which this entailed, has forced them into the choice of controlling authority designed to limit any damaging influences of their activities for the greater common good. Or does the particular line of business of the banks give them a disproportionate effect on our economy, such that it becomes justifiable to control the growth of their activities and the growth of their influence at an earlier stage in their business evolution than that of other commercial activities, which now find themselves nationalised or close to being nationalised?

Once we have initiated the wider debate we will encompass such questions as what level of bank charges should be levied, if at all, to what type of customer and whether the banks should invest in Treasury Bills or, indeed, provide any type of industrial loan as a service to the corporate sector, or with a view to future profitable growth. In this context we have recently had the Chancellor of the Exchequer suggesting the possibility that medium term bank loans to industry might become eligible for refinancing at the Bank of England. This is yet another aspect of the debate to clarify the precise function which we think the banks should perform in our society.

R. E. Copley.
Brooklands,
Farnham,
Surrey.

While Mr. McBride may claim that the energy requirement for brick manufacture is low, a NEDO report published in June 1974 entitled "The Increased cost of Energy Implications for U.K. Industry" showed that the energy content of timber was somewhere between a fifth and an eighth of that of brick. Moreover, to elaborate on one of Mr. Sunley's points, since we are compelled to import most of our timber and wood-based sheet materials, most of the energy content is supplied elsewhere. This may be a subject for debate on an international basis, but it is certainly a bonus as far as this country is concerned.

I fail to see how Mr. McBride can support his assertion that the new materials for brick, although indigenous, "will be available long after alternative building materials are virtually unobtainable." I think that in fact any "official" independent, responsible survey that may be undertaken will be forced to the conclusion that timber and its derivatives, coming as they do from the heart of the forest, are the only renewable building materials in use. All the others are extractive and sooner or later will be used up. Thus will the pressures of Mr. Sunley's market place assert themselves more and more in favour of timber and wood-goods.

E. A. Raynham.
6-7, Buckingham Street, W.C.2.

Renewable timber

From The Director.

Fibre Building Board Development Organisation.
Sir—May I join in the correspondence between Sir Kenneth Wood (April 6), Mr. J. G. Sunley (April 13) and Mr. Scott McBride (April 23). Dealing first with Sir Kenneth's letter, his claim that a concrete floor is "a fire proof" is misleading. No less an authority than British Standards Institution affirms that the term is incapable of definition.

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E. A. Raynham.
6-7, Buckingham Street, W.C.2.

Consumer Credit Act

From Mr. R. Benna.

Sir—Mr. Andrew Breach of Bristol and West Building Society was recently quoted as saying: "There is far too great a tendency to legislate as a result of minority agitation." How true this is.

And how much truer when one considers the problems which are impeding the implementation of The Consumer Credit Act. Out of over 400,000 complaints recorded by the Office of Fair Trading in its second annual report only 1,253 were respect of consumer credit. Less than 0.31 per cent. And this with instalment credit balances outstanding (excluding banks) exceeding £2.3bn.

If ever there were a case of needless and extravagant legislation, this is it.

R. E. Benna.
Longstone House, Saltash.

Waste paper and board
From The Press and Information Officer.
British Waste Paper Association.
Sir—I have followed the correspondence on waste paper and board with some interest since it began on April 3 and had not intended to intervene. Since, however, the integrity of the president, past president, and by implication the 12 other members of the council of this association, has been unfairly maligned, I feel that it is time the record was put straight.

At the annual meeting of this association in March 1975, the membership of the British Waste Paper Association did not vote unanimously against supporting the consuming mills in their effort to gain Government finance for a stock support scheme. The resolution carried unanimously read "Members of this association did not seek Government support in stocking waste paper—which is an entirely different matter."

Mr. John Adams, director-general of the British Paper and Board Industry Federation (April 15) was right and wrong in making the statement: "At no time has the Federation been informed that the BWPA had voted unanimously against it."

Not are we aware that the Federation had been so informed. In the first place it was a decision to be communicated to the Advisory Group on Waste Paper Recycling, and secondly since this group was chaired by a Government Minister, it follows that the Government had been so informed. Since Mr. Adams was not a member of the advisory group, would perhaps have been wiser of him, had he consulted the chairman of the Waste Paper

Giant brewery complexes

From Mr. A. Evans.

Sir—Kenneth Gooding (April 26) is mistaken if he believes that our recent review of Watney criticises companies like Allied and Bass Charrington for setting up giant brewery complexes. The change in the industry's cost structure to which he refers has affected different companies in different ways and in any case only one of many factors influencing the optimum size of breweries.

When Watney's Mortlake brewery is fully operational it is expected to have a capacity of 1.8m. barrels a year which, as a proportion of Watney's overall level of production, is not dissimilar to that represented by Runcorn for Bass Charrington or Burton for Allied. Admittedly, plans for the extension of Mortlake were probably too advanced to be reversed when the present Watney management became involved with the company, but whether the present Board would have made a different initial decision is impossible to determine. Even if a different decision had been made it would still not have meant that Allied and Bass Charrington were wrong, given their different geographical coverage and product mix.

Finally, our review is about Watney and the way a new top management is dealing with that company's problems. The main differences between Watney and its competitors appear to relate more to corporate structure and management responsibilities than to how much beer should be brewed at a single brewery.

Alan V. Evans.
Pannure Cardon and Co.,
2, Moorfields Highwalk,
E.C.2.

Fire protection insurance

From The General Manager.

Heggy Robinson (U.K.).
Sir—The article on contingency planning in your fire protection feature (April 23) could be misleading in its reference to consequential loss insurance. A compromise to cover all wages for only four weeks could be disastrous. This is yet another area affected by legislation and to allow for potential liabilities under the Redundancy Payments Act. Contracts of Employment and now Employment Protection Act an employee needs to arrange insurance on all wages for 17 to 20 weeks. This is still partially a grey area, but four weeks cover is definitely not on.

M. W. Painter.
Phoenix House, Station Hill,
Reading, Berkshire.

To-day's Events

TUC General Council reviews progress of wages policy talks with Government.
British Leyland gives evidence to House of Commons Select Committee regarding public expenditure on Chrysler U.K.
Dr. David Owen, Minister of State, Health and Social Security, gives evidence on preventive medicine to House of Commons Select Committee.
Mr. Andrei Gromyko, Soviet Foreign Minister, on official visit to France.
President Geisel of Brazil on official visit to France.
Lord Ryder, chairman, National Enterprise Board, speaks on "Achieving Economic Growth and Profitability" at Industrial Society lunch, 9, Carlton House Terrace, S.W.1.
Lord Watkinson, CBI deputy president, speaks at British Chemical Trades and Dyestuffs Association dinner, Dorchester Hotel, W.1.
Association of Certified Accountants annual general meeting, YMCA Building, W.C.1.
PARLIAMENTARY BUSINESS
House of Commons: Debate on local government.
House of Lords: Debate on development of social policy.
OFFICIAL STATISTICS
Construction new orders (February).

COMPANY RESULTS
Clarke Chapman (full year), Fosco Minsep (full year), Telephone Rentals (full year).
COMPANY MEETINGS
Anglia Television, Norwich, 2.30.
Ariogen Properties, Rembrandt Hotel, S.W. 12, B.C.A. Portland House, S.W. 12, Blackman and Conrad, Bonington Hotel, W.C. 1, 11.30.
Equity and Law Life Assurance, 20, Lincoln's Inn Fields, W.C. 12.15.
London and Manchester Assurance, 14-20, St. Mary Axe, E.C. 2.
Manchester Garages, Manchester, 12.
Ratcliffe's (Green Bridge), Birmingham, 3.
Sale Tinsley, 28, Queen Anne's Gate, S.W. 12.30.
Solicitors' Law Stationery Society, Howard Hotel, W.C. 12.

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COMPANY NEWS + COMMENT

Lead Industries turns in £13.65m.

PRE-TAX profits of the Lead Industries Group show a fall of £7.6m. to £13.65m. for the full year 1975, after being down by £1.1m. to £20.3m. at half-year.

The directors report that the poor worldwide demand for metals and chemicals, and the consequent fall in market prices, which began to affect most products in the second half of 1974, continued through 1975, but there was a marked improvement in some, though by no means in all, products in the last quarter.

"They point out that in earlier statements it was suggested that, because of the exceptional conditions in 1974, particularly in the first six months, it would be more meaningful to compare results for the first half of 1975 with the corresponding period in 1973. In the event, profits for 1975 as a whole show an improvement on the basis of historic accounts of about 12 per cent over 1973."

—Taxable profit for that year was £12.2m.

"The directors add that the improvement in demand for some products shown in the closing months of 1975 has continued, and spread to some others during the early months of 1976, though it is becoming increasingly difficult to recover increases in costs, including those for energy, especially where price controls are operating."

Overall, however, profits for the early months of 1976 are expected to be about 10 per cent higher than for the corresponding period in 1975. It is hoped that the increase in demand already reflected will continue to spread.

Earnings before tax per 50p Ordinary share are shown at 17.74p for 1975 against 26.95p for 1974. A final dividend of 2.97p lifts the net total from 4.68p to 7.65p—the gross equivalent of 7.53p (7.128p) is the maximum permitted.

It is also announced that the company has been informed that Inetel, a French company whose principal interests are in the non-ferrous metals field, has received Bank of England consent to increase its present holding of 9.9 per cent of the Ordinary shares.

Inetel intends to maintain its investment, when achieved, on a long-term basis, and has confirmed that it has no intention of acquiring a controlling interest, nor does it intend to acquire such an interest as would give rise to a merger situation under the Fair Trading Act.

Discussions are continuing between the two companies, covering co-operation in process research, the development of overseas sales in certain territories, and the setting up of joint ventures.

● **comment**

The lead price has jumped by two-thirds this year, and as an obvious commodity hedge Lead Industries is not far behind; the shares are now 28 per cent above

HIGHLIGHTS

Despite higher pension provisions and a slowdown in the sales growth profits at Marks and Spencer are slightly better than expected. Profits at Tozer Kemsley are also better than expected thanks to an exceptionally high contribution from the overseas property side. Lex also takes a look at the rights issue from Selection Trust which on the basis of two for nine at 400p is set to raise £20m. Elsewhere, profits at Lead Industries are sharply lower, in line with expectations, but with lead prices now considerably higher this year should see strong recovery. Considering the depressed state of the office equipment market the £0.3m. gain in pre-tax profits at Office and Electronic Machine is fair going. After nine months profits at John Haggas are 21 per cent higher indicating some slowdown in the growth trend in the third quarter. Silentnight, however, has shown recovery plus finishing the year some 42 per cent ahead of the previous peak figure.

their 1975 low. At this stage, outside estimates of the 1976 profit recovery start at around £18m. pre-tax, after the drop from a stock inflated £21.3m. last year; and the associates—which contributed close on half of 1975's pre-tax total—are leading the way up with £3.2m. of last year's £3.1m. coming in the second half. The group's working capital pressures are now beginning to rise noticeably. But the balance sheet started 1976 with net debt barely an eighth of shareholders' funds, and the shares yield 3.3 per cent at 151p, covered 31 times.

and working on current trends and past precedent—Silentnight usually has two good years after two lean ones—a further record year looks likely. Anyhow, the dividend is fully restored and the shares rose to 37p yesterday, indicating a 9.3 per cent yield and p/e down to 7.3.

Improving trend at S. Lyles

After taking into account £66,594 received under a loss of profits insurance claim relating to unfulfilled Australian contracts, profit before tax of S. Lyles amounted to £31,007 for the 27 weeks ended January 4, 1976, compared with £80,712 for the first 26 weeks of 1974/75.

The trading improvement indicated last November has continued and profit in the latter part of the first half practically overtook the losses in the earlier part, according to Mr. John Lyles, chairman.

In November last year he said the company expected to make a profit in the current year—last year a loss of £402,513 was incurred.

Stated earnings per 20p share are 0.11p (10p) for the first half and the interim dividend is being held at 1p net absorbing £38.1m. —the previous year's total was 2p.

In 1976 so far, "good levels of production are being maintained at a satisfactory profit rate."

Current orders dependent on demand, are good on a short-term basis, and there are signs of improvement in exports, he adds. The company operates as carpet yarn spinners and dyers.

● **comment**

Excluding the special credit of £66,594, S. Lyles' interim results show a loss of close to £38,000, which, however, disguises a strong profit recovery in the last two months of the period. The impetus

● **comment**

Silentnight, having paid the price for over expansion with two years of falling profits, now returns with more than a mere recovery for profits are 42 per cent above the previous peak in 1972-73. Production cutbacks (two factories were closed) and pruning of overheads, including a 10 per cent reduction in the workforce, enabled the company to improve profit margins to 8.3 per cent, against 2.5 in the previous year, though they are still a couple of points below the 1972-73 figure. This year has started very well,

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here is coming from a revival in the U.K. carpet market—domestic sales are up by 36 per cent—while the company has withdrawn from the Australian market which accounts for the 57 per cent drop in exports. Domestic demand is continuing strongly while sales to Europe are also growing, space, and the company reckons on a full-year turnover of well over £7m. against £5.5m. last time.

Furthermore, Lyles has been able to reduce borrowings from the end-June figure of £1.05m. and expects to make further reductions in the current half. Optimism over the full-year outcome explains the payment of an uncovered maintained interim, though Lyles prefers to hedge its bets by making the amount of the final payout conditional on results. At 491p, the company is capitalised at £15m.

Statement, Page 12

Big earnings rise seen by Yarrow

SHIPBUILDERS and boiler-makers, etc., Yarrow and Co. reports pre-tax profits of £2.83m. for the half year to December 31, 1975, compared with £2.57m. last time.

After lower tax of £1.21m. against £1.32m. and a reduced dividend of 1.1p (1.2p) the net profit of Yarrow (Shipbuilders)—the amount available for distribution is up from £153,000 to £207,000.

Chairman, Sir Eric Yarrow, says the amount available for distribution for the full year will "significantly exceed the £486,000 of 1974-75 and will provide more than adequate cover for the maximum permitted dividend. Meanwhile the interim payment is 1.4p (1.3p) per 50p share."

The Board has no knowledge of any extraordinary items to be provided for this year, and has named the Ministry of Defence and the Ministry of Industry and the Department of the Environment as the main customers of the company's products.

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DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of spending for year	Total for year	Total for year
Beigra (Blackheath)	2.8	July 8	2.4	2.4	2.4
Borden and Southern Int.	1.75	May 28	1.75	1.75	1.75
British Vending	Nil	—	Nil	0.42	0.89
Eastas Dures Trust	4.2	—	3.82	7.0	6.86
PC Construction	0.83	July 7	0.73	2.5	2.63
Fundinvest Int.	0.83	June 1	0.73	2.5	2.63
Lake View Trust	1.1	July 1	0.83	1.63	1.5
Lead Inds.	2.97	—	2.76	5.09	4.69
S. Lyles	1.25	July 1	1	3.45	2
Office and Electronic	2.27	July 8	2.14	3.32	3.12
Silentnight	2.26	—	2.1	3.31	3.1
Spencer Gears	0.28	July 2	0.28	0.59	0.59
Tern-Consulte	0.5	—	Nil	0.5	Nil
Tozer Kemsley	1.63	June 10	1.48	2.22	2.03
Yarrow	1.4	May 28	1.3	2.75	2.75

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

and our customers if we are to its profits. Outside forecasts continue our prospects growth," range up to £1.7m. pre-tax, give the year to April 1977 will be even more difficult than 1975-76, states the chairman, but because of the underlying strength of the group, the directors intend declaring an interim dividend for 1975-76 of 0.15p (0.14p) per share after the AGM. Unless the present regulations are changed it is unlikely that any final dividend will be paid.

AS reported on March 20, pre-tax profits fell from £1.7m. to £0.8m. in the period from March 30, 1974, to April 4, 1975, on turnover of £10.4m. against £8.79m. An interim dividend of 0.15p (0.14p) net was paid but there is no final dividend. An analysis of turnover and net profits—£464,000 against £1,030,000 (2000s omitted): Electrical contracting 278 (£788) and 295 (£124), haulage and plant hire 23,138 (£918) and loss 27 (profit £23), ship repairing and engineering 23,225 (£7,041) and 345 (£422), sundry £1,819 (£1,908) and £351 (£361).

The company's report and accounts, issued in an unusual tabloid format, reiterate the Board's argument that the nationalisation of shiprepairing.

Office & Electronic progress

FOLLOWING the increase from £558,751 to £709,578 in the first six months, Office and Electronic Machines finished 1975 with pre-tax profits of £1,489,000 compared with £1,199,000 previously.

Stated earnings per 25p share advanced from 9.72 to 11.79p and the net final dividend is 2.27p making a total of 3.52p compared with 2p in 1974.

The year's results include ten months trading of Imperial Business Equipment.

Year 1975 1974

Turnover 12,352,812 9,231,331

Profit before tax 1,489,255 1,199,779

Tax 768,900 591,325

Profit after tax 720,355 608,454

Dividends 232,544 228,287

Retained profits 487,811 380,167

● **comment**

OEM's results were better than expected and the shares were marked up 4p to 87p. Over 60 per cent of turnover comes from sales of office typewriters where the market in 1975 was soft, with a drop of a quarter in electronics and a fall of a third in manuals; yet OEM overcame that handicap by improving its market share (now reckoned to be a third).

While the U.K. slump continues, the same time marking of turnover now against around 15 per cent last year. This trend is expected to increase margins substantially, in the future, especially while the pound and a p/e well below the sector average, but even with a maximum dividend this year the shares at 315p would still yield only 13 per cent.

● **comment**

The tonnage of steel strip produced rose by 8%. It will be substantially higher in the second quarter but will still be well below the pre-recession level.

These show that, as compared with the first quarter of 1975, the overall tonnage produced rose by 7%.

The tonnage of wire ropes produced set-up a new record for a first quarter. Although there are signs of some contraction in demand from overseas, the order for wire ropes remains high and the company continues to receive a satisfactory volume of mining rope orders from the NCB and from mining concerns abroad. Off-shore oil operations continue to provide an outlet and the division is still engaged on contracts for the ropes for the Humber suspension bridge, the contract for the temporary ropes being almost completed and that for the permanent suspenders being due for completion by the beginning of 1977.

Wire production was down by 13% but was marginally higher than in the pre-recession first quarter of 1974 and the outlook, particularly for high duty spring wire, has improved.

The annual general meeting will be held on 20th May 1976. Copies of the full report can be obtained from The Secretary, Bruntons (Musselburgh) Ltd., Musselburgh EH21 7UG, Scotland.

Prospects for 1976

Since the preliminary Statement, issued five weeks ago with the unaudited results for 1975, figures have become available for the first quarter of the current year.

These show that, as compared with the first quarter of 1975, the overall tonnage produced rose by 7%.

ISSUE NEWS AND COMMENT

B. Elliott raises £1m. by rights

B. Elliott is raising £1m. by way of a one-for-five rights issue at 50p per share. The group is also forecasting a pre-tax profit of not less than £2.95m. (£4.6m.) for the year ended March 31, 1976, which after tax and minority interests will be in the region of £1.8m. (£2.9m.).

The net proceeds of the issue will provide funds for improving the company's production facilities and the additional working capital requirement expected when the capital goods market recovers. Meanwhile the cash will reduce short-term borrowings. At March 31, 1976, the group had total borrowings of £4.6m. including £2.25m. of overdraft and acceptances credits.

Current trading, the company states, is similar to that experienced over the last few months, but there are signs of an upturn in demand in some markets and the directors hope that an improvement will materialise in the autumn.

The new Ordinary shares issued under the rights will rank for the intended final dividend of 2.5125p net per share making a total of 4.3p, an increase of 19 per cent. The Treasury has given its permission.

The issue is underwritten by Hambros Bank and brokers are De Zoete and Bevan.

● **comment**

Elliott is adding a fifth to its equity base, and profits this year are going to rise by anything like that percentage. But the group reckons that 1975-76 marks the bottom of its particular machine tool cycle—and means

LOCAL LOANS—The coupon rate on this batch of local authority bonds is up from last year's of 101 per cent at 300p per cent at par. This week are due on May 4, 1977. They are as follows:—Borough Council (£1m.), Exeter (£1m.), Borough of Gateshead (£1m.), Lau County Council (£1m.), Borough of Redbridge (£1m.), South Pembrokeshire District Council (£1m.), Beat District Council (£1m.), of Wetherhampton Borough of Metropolitan Borough of Cardiff (£1m.), City of Cardiff (£1m.), Chester-Le-Street District Council (£1m.), Northampton Council (£1m.), Greater London Council (£2m.), West Glamorgan Council (£1m.), London Borough of Hamlets (£1m.), Middlesbrough Council (£1m.), Borough Council (£1m.), District Council (£1m.), and Maidenhead Borough (£1m.), Lothian Regional Council (£1m.).

Capitol-EMI ups sales

NET INCOME of Capitol Industries-EMI amounted to £302.5m. or 78 cents per share, on sales of £38.63m. for the third quarter ended March 31, 1976. This compares with a net loss of £27.0m. or 18 cents per share on sales of £23.37m. during the same quarter of last year.

For the first nine months of 1976, net income was £5.91m. or 1.78 pence per share on sales of £116.43m. compared with £3.37m. or 1.01 pence per share on sales of £94.51m. for the same period last year—an improvement of 22 per cent on sales and 75 per cent on net income. The company is estimating a lower effective-tax rate for the current nine months, due to the application of investment tax credits, earnings of domestic international sales (78.5p).

Where applicable, a premium has been added to the value of investments in foreign currencies for amount added to the balance of the year and con-

Scottish Ut

Gross revenue of United Investors increased 28.5% to £759,254 in quarter of 1976, while net after management debenture and loan interest was £250,068, against last year's £210,000. Net asset value of the shares after deducting charges at par amount due to the application of investment tax credits, earnings of domestic international sales (78.5p).

Where applicable, a premium has been added to the value of investments in foreign currencies for amount added to the balance of the year and con-

● **comment**

Commenting on the results, Mr. Bhaskar Menon, president and chief executive, says with strong product releases scheduled for amount added to the balance of the year and con-

HAGGAS (TEXTILES)

Third Quarter Statement

9 months ended 31st March, 1976* 9 months ended 31st March, 1975* Year 30c

Group Sales 12,136,450 10,017,222 13.6

Depreciation 447,200 390,700 5

Profit before Taxation 1,808,138 1,483,108 2.1

*Unaudited

JOHN HAGGAS LIMITE

● **comment**

It would be unwise, however, to attempt to forecast results for the whole year but it has begun quite well for the company and some degree of optimism may be well-founded. Certainly, the company is able to take full advantage of an upturn in the economy.

The Board intends to pay at the end of October, 1976, an Interim Dividend of 2.5109p net per share, which is the same as was paid on 30th October 1975.

● **comment**

The tonnage of steel strip produced rose by 8%. It will be substantially higher in the second quarter but will still be well below the pre-recession level.

Of the smaller divisions, the Mall Park Works producing aerofoil sections, etc. for the aircraft industry, and the Shapes Section producing turbine blades etc. performed well and have satisfactory order loads.

Gibby-Brunton Limited began 1976 with improved earnings and the trend is expected to continue, helped by the recent reduction in the V.A.T. charge on electrical equipment which incorporates the subsidiary's resistance wires.

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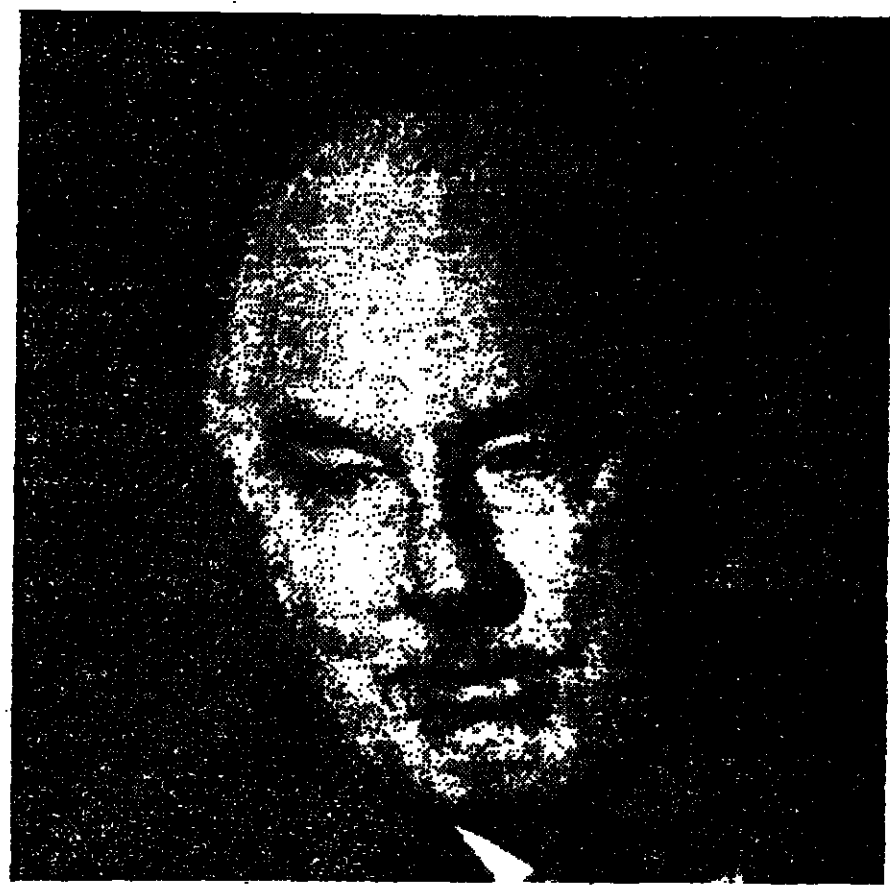
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It would

R. Ellinger
£1m. b.

SIR RONALD STEWART, BT. (CHAIRMAN)



1976 has got off to a satisfactory start and brick deliveries to date are in excess of the same period of 1975. Stocks are at a low level and further steps have been taken to raise output to meet the higher level of demand. Providing there is no further deterioration in the overall economic situation the present improvement should be maintained.

COMPANY NEWS

M & S peak £84m. after Good start by £10.6m. pensions

AFTER A substantial increase from £1.98m. to £10.6m. in the annual contribution to the employees' pension scheme, pre-tax profit of Marks and Spencer rose by 2.3 per cent. to a record £83.77m. in the year (53 weeks) to March 31, 1976. At half-year profits were £35.22m. against £35.22m. Reflecting increased taxation net attributable profit was down from £39.37m. to £37.34m. for the year, and stated earnings per 25p share decreased from 6.03p to 5.74p. A final dividend of 2.50p effectively lifts the net total from 3.237p to 3.454p.

The higher tax is due mainly to deferred tax adjustments and losses of certain overseas subsidiaries not available for relief in the current year, it is explained.

Total group sales increased by 34.9 per cent. to £900.92m. Exports improved from £21.44m. to £24.77m. which included £7.31m. (31.16m.) to overseas subsidiaries. U.K. store sales of clothing were up by 18.7 per cent. to £564.24m. and those of food by 22.7 per cent. to £233.71m.

Sales excluding taxes: U.K. clothing, etc. 364,544 425,434 U.K. food 235,706 286,325 Europe 245,823 286,325 Canada 45,823 28,325 Total sales 1,000,000 1,000,000

Trading profit 106,613 122,533 Pension contribution 10,554 12,533 Interest receivable 1,152 1,152 Profit before tax 118,319 136,218 Taxation 28,325 31,160 Less: Minority interest 1,152 1,152 Profit after tax 88,842 103,900 Dividends 2,500 2,500

A total of £2.6m. including depreciation will be retained in the group.

A geographical split of pre-tax profit (£900m. omitted) shows U.K. £35.22m. (31.16m.), Europe £24.77m. (21.44m.), Canada £7.31m. (5.65m.).

The figures comprise the consolidated trading results of Marks and Spencer and its European subsidiaries for the year, together with Peoples Department Stores Group in Canada from August 15, 1975 to January 31, 1976. Total group sales exclude value of exports to European and Canadian subsidiaries. Last year's exports include sales to an associate St. Michael Shops of Canada, now a subsidiary.

The increase of £8.67m. in contribution to pension schemes results almost entirely from the increased cost of funding improved benefits of the new scheme introduced for all U.K. employees on April 1, 1975. The rate of annual contribution is now directly related to the total payroll and so, in future years, the increase will be very much less than the increase during the year under review.

See Lex

N. Atlantic

Gross revenue of North Atlantic Securities Corporation advanced from £240,503 to £415,973 in the half-year to March 31, 1976, and after increased expenses and interest the pre-tax balance was £237,681 against £234,431. The figures for the year to September 30, 1975, were £736,249 and £621,100.

Tax takes £100,865 (£112,418) for the half-year, leaving £136,816 (£117,013).

As the company issued £2.2m. 7½ per cent. Convertible

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY
Interim: Australia and New Zealand Banking, RPA, Dragon Consolidated Trust, Suncoast Properties.
Finals: Bodroco International, Border Breweries (Wrexham), Burrell, Clarke Chapman, Cassin Stores, Duvalier, Elbar Industrial, Fawcett, Gilbey, Gill and Duffy, Heale of London, Jossel Toyne, London Tea Corporation, Lynn and Lynn, Sanderson, Kasper, Sheffield Twist Drill and Steel, Shilton Summers, Telephone Rentals, Viking Resources.

FUTURE DATES
Interim: Common Bricks, Apr. 29; Lushington and Leisure Industries, May 6; Calabroff, May 17; City of Oxford Investment Trust, May 17; English National Investment, May 23; Hamilton, May 23; Muller (James), May 27; Newmans, May 27; Randalls Group, May 27; Scottish Ontario Investment, May 27; Wilson Investment, May 27.

Unsecured Loan Stock 1985/8 at par last May, the figures are not comparable with the six months ended March 31, 1975, it is pointed out.

The interim dividend, already known, is 0.7p net per 25p share, as before. Last year's total was 1.9p.

Net asset value per share at end March was 116.3p (96.5p) at end September 1975, and 113p (98p) assuming full conversion of the loan stock. The value includes the full amount of the investment currency premium which at March 31, 1976, was equivalent to 24p per share (20p).

Horizon Midlands confident

Barring any unexpected deterioration in the Spanish political situation, the directors of Horizon Midlands see no reason why this summer should not be as successful as last year.

It is not possible to give a profit forecast, as the level of the important late bookings cannot be predicted, says the chairman, Mr. Brian Tanner.

Provided there is no dramatic deterioration in the economic situation of the U.K. or the value of the pound, there is no reason to think that the present level of the inclusive holiday market will change significantly.

The company's record has shown that it is consistently able to increase the strength of its position in the market, to operate at satisfactory profit levels and to take advantage of any upturn in business that there may be, the chairman asserts.

As known, group pre-tax profit for the year to November 30, 1975 increased by over 400 per cent. to £1,000,000, compared with £195,000 (after special items), Mr. Tanner says. It is more relevant to compare the 1975 figure with the 1973 profit of £321,000, because the 1974 was a particularly poor year for the industry as a whole and the company had extra problems of its own relating to the collapse of two successive parent companies.

The dividend is raised from 1.7p to 2.50p net.

Working capital increased by £312,629 (decrease £172,815).

Meeting, Birmingham, May 21 at 2.15 p.m.

Chairman's statement Page 24

Some optimism at Bruntons

THE CHAIRMAN of Bruntons (Musselburgh), Mr. A. S. Wood, tells members it would be unwise to attempt to forecast results for this year but it has begun quite well and some degree of optimism may be well-founded. "Certainly, the company is able to take full advantage of an upturn in the economy," he says.

In the first quarter of the current year, overall tonnage rose by 7 per cent. compared with the same quarter of 1975.

The tonnage of wire ropes produced set-up a record for a first quarter. Although there are signs of some contraction in demand from overseas, the order book for wire ropes remains high and the company continues to receive a satisfactory volume of orders from mining concerns abroad, the chairman reports.

Wire production was down by 14 per cent. but was marginally higher than in the pre-recession first quarter of 1974 and the outlook, particularly for high duty spring wire, has improved.

Tonnage of steel strip produced rose by 8 per cent. It will be satisfactory to have a first quarter, but it will still be well below the pre-recession level, says Mr. Wood.

As reported on March 26, pre-tax profits for 1975 amounted to £1.68m. compared with £1.78m. previously. The dividend total is a maximum permitted 5.708p net per share and the directors forecast a maintained interim of 2.50p to be paid in October this year.

Meeting, Musselburgh, May 20. Chairman's statement Page 24

As reported on March 26, pre-tax profits for 1975 amounted to £1.68m. compared with £1.78m. previously. The dividend total is a maximum permitted 5.708p net per share and the directors forecast a maintained interim of 2.50p to be paid in October this year.

Meeting, Musselburgh, May 20. Chairman's statement Page 24

Harrison recovery prospects

Special problems which caused a deterioration in trading results of printers, Harrison and Sons, have been dealt with, although the complete effect will not be evident until the second half of the current year, says the chairman, Mr. M. A. Heiler.

With a general improvement in trade, even of only modest proportions, and the benefit of the action taken, it is reasonable to anticipate that the return on group trading will show a steady advance and reach again a satisfactory level in 1977.

As reported on April 21 a loss of £340,500 was incurred in 1975, compared with a pre-tax profit of £183,600 for 1974. The loss was struck after £254,300 cost of industrial disruption. The dividend is cut from 2.70p to 2.40p net.

Meeting, Stationers' Hall, Ludgate Hill, E.C., May 19, noon.

As reported on April 21 a loss of £340,500 was incurred in 1975, compared with a pre-tax profit of £183,600 for 1974. The loss was struck after £254,300 cost of industrial disruption. The dividend is cut from 2.70p to 2.40p net.

Meeting, Stationers' Hall, Ludgate Hill, E.C., May 19, noon.

A satisfactory start to the current year has been made by London Brick Company and brick deliveries to date are in excess of the same period of 1975, the chairman, Sir Ronald Stewart says in his annual report.

Stocks are at a low level and further steps have been taken to raise output to meet the higher level of demand. Providing there is no further deterioration in the overall economic situation the improvement should be maintained, Sir Ronald adds.

After the reduction of profits following the collapse of house building in 1974, the group produced record profits last year. As reported on April 2, pre-tax profits rose from £2.67m. to £3.79m. with a dividend of 2.6275p net (1.8275p).

A supplementary statement on a current purchasing power basis shows pre-tax profits as £3.93m. against £2.81m. earnings per share 34p (31p) against 7.53p (1.9p) historical, and net assets per Ordinary stock unit 97.4p (96.8p) against 53.09p (47.9p) historical.

The improvement stemmed from a number of factors: steps taken to reduce production to the lower level of demand in 1974, restoration of margins and most important, a recovery in demand for bricks resulting from an increase in housebuilding.

In spite of progressive cuts in production, brick stocks in the different works had risen to rope orders from the NCB and by the end of December, 1975, the brick pile had been halved and by December, nearly 300m. bricks—representing some 600,000 tonnes of manufactured material—had been delivered to customers.

Over the last five years a programme of investment to increase capability to produce facing bricks has been carried out. Some of this new capacity was not fully utilised in the depressed conditions prevailing in 1974 but in 1975 a higher demand for facing bricks was met by the capacity to produce more.

A new Iranian company, Tehran London Brick Company, has been formed in which the Industrial Credit Bank and London Brick each have a 20 per cent. share stake. The Tehran Guild of Brick-makers a 31 per cent. stake and the Iranian public the remaining 29 per cent. The company will have an initial capital of £1.4m. and this will be supplemented by a £2.1m. long term loan from the Industrial Credit Bank.

The initial capital will be used to build a new brick factory south of Tehran designed to produce 145m. bricks a year but the eventual involvement in replacement of older plants could be very much greater.

It has taken just over a year to set up this major joint venture and the first bricks will be produced in 1977, the chairman states.

Meeting, Connaught Rooms, W.C., May 20, at noon.

Chairman's statement Page 25

Healthy liquidity was continuing and has been a significant increase in profit and earnings per share during the current year was reinforced, he said.

Mr. Spooner said he had no hesitation in expressing the "greatest optimism" for the medium and long term future of the group.

The change of name to Vantona Group was approved.

Meeting Page 27

As reported on April 2, group pre-tax profit recovered from £741,435 to £838,536 in 1975 and the dividend is 4.514p (4.135p) net.

The trend of increasing the company's share of the market continued. Developments at Southampton, Bletchley and Sittingbourne are leading to increased sales from the wider range of stocks available.

On financing, Mr. Erith emphasises that the directors are aware of the pitfalls into which others have fallen through over borrowing and have "no intention of allowing the company to suffer a similar misfortune."

Meeting, 590 High Road, Levenshaye, E., May 20 at 11.30 a.m.

J. Shakespeare on short time

A sag in the mini-boom experienced earlier in the year was reported by Mr. Jack Shakespeare, chairman of Joseph Shakespeare, the forging and engineering concern, at the annual meeting. All sectors were now on some degree of short time and he could not discern any sign of improvement in business activity.

Nevertheless, the chairman added, the group was confident of an upturn in the future and was committing £250,000 in new plant and equipment.

Referring to a mystery buyer, Mr. Shakespeare said that if the Midlands Bank nominees were the same who had been buying shares recently, they now had less than 5 per cent. of the total number of shares, 330,000.

Meeting Page 27

Spirella goes ahead

SPIRELLA GROUP chairman, Mr. J. D. Spooner reported at the AGM that results for the four months to the end of March showed profits ahead of budget.

INTERIM STATEMENT

YARROW AND COMPANY LIMITED

Interim Statement for the Half Year Ended 31st December 1975

The unaudited results of Yarrow and Company Limited and its subsidiaries for the six months ended 31st December 1975, are as follows:

	Half-Year ended 31st Dec. 1975 £'000	Half-Year ended 31st Dec. 1974 £'000	Year ended 30th June 1975 £'000
GROUP TURNOVER	17,319	15,681	40,122
GROUP PROFIT ON TRADING	1,801	1,592	4,958
Shipbuilding (and Boatbuilding)	117	91	117
Marine Consultancy and Research	1,684	1,501	4,841
Shipbuilding Construction Grant	1,918	1,683	5,075
Investment and Deposit Income	113	189	260
Profit on Sales of Investments	357	784	1,362
	34	—	83
	2,622	2,656	6,807
Less Interest Payable	250	87	346
Less Share of Loss in Associated Company	2,372	2,569	6,461
	—	—	86
PROFIT BEFORE TAXATION	2,372	2,569	6,375
Less Taxation	1,205	1,320	3,258
PROFIT AFTER TAXATION	1,167	1,249	3,117
Less Transfer to Special Reserve (being profit after taxation of Yarrow (Shipbuilders) Limited)	960	1,066	2,202
	207	183	915
Less Extraordinary Items	—	—	449
AVAILABLE FOR DISTRIBUTION	207	183	466

PROFITS

The Board considers that the results of the Group for the half-year ended 31 December 1975 are satisfactory. The Ministry of Defence has been asked to authorise a reasonable distribution to Yarrow and Company Limited of the post-tax profits earned by Yarrow (Shipbuilders) Limited. As this application is still being considered no allowance has been made in the above figures, and the amount ultimately approved for distribution will be included in the Annual Accounts.

TAXATION

Corporation Tax at current rates has been provided on the Group profits for the half year.

DIVIDEND

The maximum dividend currently permissible for the year to 30 June 1976 is 4.125/25p per share (1974/75—3.75/25p per share). The Board has decided to pay an interim dividend of 1.4p per share, which will be paid on 28 May 1976 to all shareholders on the register at close of business on 7 May 1976. The Board anticipates that the amount available for distribution for the year ended 30 June 1976 will significantly exceed the equivalent figure of £466,000 for the previous year, and will provide more than adequate cover for the maximum permissible dividend. The Board has no knowledge of any extraordinary items which may have to be provided for this year, and has assumed that the Ministry of Defence and the Department of Industry will approve a fair and reasonable distribution from Yarrow (Shipbuilders) Limited.

NATIONALISATION

The present position regarding nationalisation of Yarrow (Shipbuilders) Limited is dealt with in the attached letter. The Board remains firmly opposed to nationalisation and considers that the compensation terms proposed by the Government are wholly unreasonable. Continuing efforts will be made to have these terms improved in order to ensure that shareholders do not suffer a serious injustice.

FUTURE PROSPECTS

In the present uncertain political and economic climate it is not practicable to make reliable predictions about the future. However, the Board is confident that the other activities of the Group can be further developed and will continue to achieve satisfactory profits, following the nationalisation of Yarrow (Shipbuilders) Limited if this should take place.

On behalf of the Directors
ERIC G. YARROW
Chairman

27th April 1976
Scotstoun
Glasgow G14 0XD

General Mining Group

COAL MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31st MARCH, 1976

(All figures in '000 and subject to audit)

TRANS-NATAL COAL CORPORATION LIMITED

	Quarter ended 31.3.76	Quarter ended 31.12.75	Quarter ended 31.3.75	9 months to 31.3.76
TONS SOLD	4,418	4,407	4,250	13,362
Coal	4,418	4,407	4,250	13,362
Coke	—	—	—	—
GROUP NET INCOME	R'000	R'000	R'000	R'000
Net income from mining and allied activities	3,457	3,410	3,078	10,611
Less: Interest and sundries	749	1,158	103	720
Taxation	621	617	844	2,082
Net income after tax	2,087	2,951	2,131	7,809
Less: Minority interest	312	290	260	943
NET GROUP INCOME	1,775	2,661	1,871	6,866
CAPITAL EXPENDITURE	2,766	3,696	1,729	10,969

NOTES:

1) Two loans of R4 million each have been negotiated. One is repayable in December 1976, and the other in instalments over three years. The interest rates applicable to these loans are 13 per cent. and 13.5 per cent. respectively. The loan bearing interest at the rate of 13.5 per cent. is linked to current bank rates. A rights issue will therefore not be considered at present.

2) "R749" in respect of interest and sundries for the current quarter includes a six-monthly interest payment.

On behalf of the Board
J. L. VAN DEN BERG
G. CLARK
Directors

THE CLYDEDALE (TRANSVAAL) COLLIERIES LIMITED

	Quarter ended 31.3.76	Quarter ended 31.12.75	Quarter ended 31.3.75	9 months to 31.3.76
TONS SOLD	1,376	1,125	957	3,217
INCOME	R'000	R'000	R'000	R'000
Net income from mining and allied activities	675	659	445	1,927
Other income	19	2	11	30
	694	661	456	1,957
Less: Taxation	224	228	139	652
	470	433	317	1,305
CAPITAL EXPENDITURE	338	19	—	360
CAPITAL RECOUPMENTS	—	—	1	19

By Order of the Board
D. GORDON
G. CLARK
Directors

REMARKS

Shareholders are reminded that quarterly results are not necessarily indicative of the results which may be expected over a full year.

Secretaries:
General Mining and Finance Corporation Limited,
6 Holland Street,
Johannesburg,
P.O. Box 61824, Marshalltown 2107.
28th April, 1976

RECENT ISSUES

EQUITIES

Issue Price	Amount	Yield	Dividend	1976	Stock	Yield	Dividend	1975	Yield	Dividend	1974
11.50	100	100	100	100	100	100	100	100	100	100	100

FIXED INTEREST STOCKS

Issue Price	Amount	Yield	Dividend	1976	Stock	Yield	Dividend	1975	Yield	Dividend	1974
11.50	100	100	100	100	100	100	100	100	100	100	100

"RIGHTS" OFFERS

Issue Price	Amount	Yield	Dividend	1976	Stock	Yield	Dividend	1975	Yield	Dividend	1974
11.50	100	100	100	100	100	100	100	100	100	100	100

Recommendation date usually last day for dealing free of stamp duty. a) Figures based on public information. b) Figures based on prospectus. c) Dividend rate paid or payable on start capital cover based on dividend on full capital. d) Figures based on prospectus. e) Figures based on prospectus. f) Figures based on prospectus. g) Figures based on prospectus. h) Figures based on prospectus. i) Figures based on prospectus. j) Figures based on prospectus. k) Figures based on prospectus. l) Figures based on prospectus. m) Figures based on prospectus. n) Figures based on prospectus. o) Figures based on prospectus. p) Figures based on prospectus. q) Figures based on prospectus. r) Figures based on prospectus. s) Figures based on prospectus. t) Figures based on prospectus. u) Figures based on prospectus. v) Figures based on prospectus. w) Figures based on prospectus. x) Figures based on prospectus. y) Figures based on prospectus. z) Figures based on prospectus. aa) Figures based on prospectus. 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COMPANY NEWS

Senior Engineering target

1 quarter of 1976 As known, group pre-tax profit increased from £2.85m. to a record £3.32m. in 1975 and the dividend is 0.85p (0.875p) net. The results, the chairman believes, would not have been possible if the company had not in earlier years invested heavily in capital expenditure programmes. It also benefited from the growth in demand for engineering services, which have been difficult to forecast.

The company now has a larger equity base with only small borrowings. Shareholders' interests at end 1975 were £18.2m. and have with us for some time been 11.2 per cent. "This is a strong

position for the future and will enable us to continue the development of the group," Mr. Smith declares. There was a net increase in liquid funds of £2.51m. (decrease £1.51m.).

Even though trading conditions became increasingly difficult the company continued its policy of developing the divisions to ensure their future growth. In 1975 capital expenditure on additions to fixed assets amounted to £1.2m. and there were further commitments at the year end of £386,000.

Meeting Connaught Rooms, W.C. May 20, noon.

Chairman's statement, Page 27

Considerable potential at Babcock & Wilcox

THE EVENTS of 1975 have brought about a "dramatic" transformation in the industrial and financial strength of Babcock and Wilcox and a much wider geographical spread of assets, stresses the chairman, Mr. J. L. King.

The diversification into new products and markets enhances the stability of the group, and provides considerable potential for improved profitability, he says.

The successful tender offer for the common stock of American Chain and Cable (ACCO) was a major event.

As a consequence, 30 per cent. of the group's net assets are now in North America in diverse engineering operations whose products cover a wide spectrum of capital goods, many enjoying a significant market share.

In spite of the depressed state of the U.K. economy in 1975, most operations improved on their performance in the previous year. Group turnover increased by almost 50 per cent. to £570.7m. and showed profit before tax and extraordinary items a proportionately higher increase of 73 per cent. to £17.1m. As reported with the assets on April 30, the net dividend on increased capital is 2.3995p net (1.7087p).

However, the 1975 figures include turnover and profits of ACCO from December 31, 1975 and, following the changes in accounting practice, profits and losses on exchange which were previously treated as an extraordinary item.

Excluding these group turnover and profits would have increased by 44 per cent. and 48 per cent. respectively.

On a CPP basis, pre-tax profits are shown as £15.9m. against £10.05m. Total equity interest emerges as £17.0m. (£12.85m.) against £9.1m. (£5.1m.) and historical and earnings per 25p share, 10.8p (3.5p) against 11.8p (8.4p) historical.

Information not at present available to convert the accounts of ACCO and its subsidiaries into the terms and therefore, the consolidated accounts for 1975 have been adjusted to treat the ACCO group as non-consolidated subsidiaries.

THYSSEN
UST THYSSEN-HÜTTE AKTIENGESellschaft

MAJOR RE-ORGANISATION OF ACTIVITIES
EL SALES AFFECTED BY WORLDWIDE RECESSION
ROVED ORDERS IN OTHER PROCESSING SECTORS

outing is a summary of the Annual Report 1974/75 by the Management of August Thyssen-Hütte to the ing of Shareholders.

Thyssen's Operations
The integration of Rheinisch into the Thyssen group number of measures were taken at the beginning under review directed at reorganising our activities. These measures were to form functional units for their own operations for sectors sharing the same technology.

75 saw the centralisation of the Thyssen Group's special steel in Thyssen Edelstahlwerke AG. Approximately 1.5 million tons of steel were processed by the company's 74/75. Sales by the Thyssen Edelstahlwerke Group DM2.2 billion mark.

processing sector the manufacture of machinery for s. industry was concentrated. Thyssen Plastisch GmbH as of July 1. In contrast, the processing of was subdivided to a greater degree. As of October 1, steel acquired 75% of the share capital of Karl Müller kzeugmaschinenfabrik, thus strengthening its position e of special-purpose machinery.

t of the reorganisation of activities Thyssen Handels also taken over the trading and transportation sector. bl. This sector is mainly engaged in supplying mineral s to industrial and private consumers trading in build- construction materials, and in transportation. This turnover amounts to DM12.5 billion.

Thyssen's Markets
1/75 major sales markets of the Thyssen Group were the worldwide recession. The sharp drop in economic Western industrialised countries led to low capacity rates in many sectors. Especially in the second half under review the steel industries of the Western world y the overall recessionary developments. Speculative caused demand to decline still more sharply than eet consumption, leading to considerable pressure on tional steel markets from the supply side.

domestic demand weak, the effect of the international business activity was felt fully by the economy of German steelworks were particularly hard hit from ing of 1975. In contrast, other sectors of the Thyssen ered a less marked decline in economic activity.

Thyssen Group's external sales initially continued to e the first few months of 1974/75. This was followed tion in the volume of business. External turnover £21.4 billion, or 3% less than the comparable turnover ed fiscal year.

n companies operating in the steel production sector decrease of about 9% in turnover. Total business in ector went down by approximately the same amount. n the vice proceeding sphere was lower than in 1973/74 16%. In contrast, the improved level of orders in a other processing sectors had a stabilising effect.

Production
larly in the second half of the year under review production had to be cut back in most sectors. Taking e of all manufactures, production in 1974/75 was about the level of the preceding year in real terms.

Raw Material Supplies
the year tension eased markedly on the raw material n 1974/75 the Thyssen Group's purchases of ore o some 18 million tons with a ferrous content of 10.9 s. The severe cutback in steel production led to n stocks. However, even in spite of falling sea freight ne was a considerable rise in the prime cost of ore.

1.9 million tons of scrap was bought by the Thyssen Group in the year under review. With pressure increasing on the supply side, purchase prices eased.

Consumption of solid and liquid fuels went down by 17% to 10.5 million tons of coal equivalent. The supply situation with respect to almost all alloy metals and for other primary materials which initially were still strained, returned largely to normal in the course of the year as a result of slackening demand.

Capital Investments
1974/75 saw a sharp increase in the Thyssen Group's capital investments. A total of DM1,087 million was invested in fixed and financial assets. Of expenditure on capital investments in the year under review DM151 million was accounted for by financial assets, where the acquisition of foreign holdings predominated.

The Group's investments in fixed assets rose to DM936 million in 1974/75. In the steel sector the rapid introduction of the continuous casting process into the Duisburg oxygen steel works continued to dominate.

In the Group's processing sector some DM182 million was spent on additions to fixed assets. These investments principally served to expand processing capacity in individual plants and the rationalisation and maintenance of the high standard of production.

CONSOLIDATED BALANCE SHEET AS PER SEPTEMBER 30th 1975 (SUMMARY)	
	30.9.1975 in million DM
ASSETS	
Invested capital	15,186.9
Gross fixed assets	10,572.7
Depreciation	4,614.2
Net fixed assets	5,958.5
Financial assets	970.1
Current assets	5,894.3
Total	12,981.3
LIABILITIES	
Share capital and reserves	3,051.1
Other reserves	2,805.8
Financial liabilities	2,949.5
Other liabilities (incl. dividend)	3,374.9
Total	12,981.3

Future Prospects
In the international steel markets, the situation now seems to be settling down. Steel consumption at home and abroad is rising slightly. We expect the world steel industry to move back in line once again with its long-term growth path.

The effects of the worldwide recession were not felt so much in the Thyssen Group's processing sectors. We anticipate continuing positive developments in this sector. The same applies to our trading operations.

Copies of the Annual Report and Accounts in English may be obtained from the Company and from Messrs. N. M. Rothschild & Sons, New Court, St. Stephen's Lane, EC4P 4DU and from S. G. Warburg & Co. Ltd., 30 Gresham Street, EC2P 2EB and National Westminster Bank Limited, Stock Office Services, 46 Lombury EC2.

Talbox down
midway but
improving

From turnover of £2.72m. compared with £2.5m. in 1974, Talbox Group for the half year to January 31, 1976 fell from £1,065,513 to £725,588. However, the directors say the volume of orders for the final quarter gives them confidence that profits for the second half will be "considerably more encouraging." In the long term and on the basis of current trends, group profits should continue to improve, they add.

It is their intention, if the anticipated increase in profits is achieved, to pay a maximum permitted dividend of 0.27075p net. Last year's payment was 0.2p from profits of £242,733.

The directors say the company's 20p share has risen from £27.750 (£28.588) leaving the net balance down from £79,926 to £24,546.

The directors explain that despite the recession the company's sales have been better than expected, particularly in Osmond Aerosols and Castle Rubber Co. However, an improvement in sales in the third quarter, together with a reduction in certain costs, has meant that more satisfactory results from Osmond and Castle are now being obtained.

Lake View
pays more

Lake View Investment Trust is raising its dividend from 1.5p to 1.65p net per 25p share for the year to March 31, 1976, with a final of 1.1p. Earnings per share, assuming full conversion of loan stock, are shown at 1.77p (same). Total income decreased from £1.94m. to £1.78m.

	1975-76	1974-75
Total income	1,782,536	1,942,220
Expenses and interest	381,179	623,540
Available dividend	1,401,357	1,318,680
Preference dividend	18,240	15,400
Dividend	712,296	646,230
Net asset value per share, assuming conversion of loan stock, is shown at 1.77p compared with 1.5p		

General &
Commercial

For the current year the directors of General and Commercial Investment Trust are hopeful of at least maintaining the dividend at the increased level of 3.55p (3.4p paid previously) net, says chairman Mr. B. A. C. Whitmore.

As reported, revenue before tax for the year to February 28, 1976, advanced from £360,020 to £407,987 on gross revenue ahead from £460,708 to £479,211.

Mr. Whitmore points out that gross revenue showed an improvement despite the fall in income receivable caused by the reduction during 1974 of the foreign currency loans. Interest payable on the foreign loans was reduced from £80,745 to £27,887 partly due to the reduction and partly to the lower rates prevailing. At the net level, revenue distributable to ordinary holders is £221,375 (£201,805).

Towards the end of the year the company negotiated an additional foreign currency loan of £250,000 which has been borrowed in Euro-dollars and invested in the U.S. The company's Euro-dollar borrowings now amount to U.S.\$1.1m. (including U.S.\$150,000 drawn since the year-end). At March 31, 1976, the market value of the investments represented by these borrowings was U.S.\$1.5m. Accordingly the surplus at that date was U.S.\$409,000.

Philip Hill Investment Trust at March 28 held 12.8 per cent. of the Ordinary capital. Slater Walker Securities together with its subsidiaries, investment trusts, unit trusts and fully discretionary investment clients under its management held 22.89 per cent. at February 28. Meeting, 3, Waterloo Place, S.W., on May 20 at noon.

BP Canada

First quarter net income for BP Canada was an estimated \$7.7m. Mr. Derek Mitchell, president, told the annual meeting. This compares with \$9.7m. last year.

Sales of refined products rose 2.5 per cent. to 390.2m. gallons. Production of crude oil and natural gas liquids was 6.7 per cent. below last year, while sales of natural gas were up by 1.8 per cent.

The 22 per cent. decline in first quarter earnings was

APPOINTMENTS

Sir Richard Meyjes to join Coates

Sir Richard Meyjes, a director of Shell International Petroleum, is to join the Board of GUATES BROTHERS AND CO., with effect from June.

Mr. Donald Parvin has been appointed president and chief executive officer of BABCOCK INTERNATIONAL INC. and will be responsible for the group's activities in North and Central America. He retains his position as deputy group managing director of Babcock and Wilcox. Mr. Parvin will relinquish his chairmanship of Claudius Peters AG, West Germany, and his Board appointments with Babcock and Wilcox. Mr. Parvin will continue his membership of the Board of Babcock and Wilcox de Mexico SA de CV and will join the Board of FATA SpA in Italy and Parois Controls Ltd. in the U.K.

Mr. E. E. Binns will retire as group managing director of ASSOCIATED DAIRIES (from February 28, 1977, but at the request of the Board he will continue as vice-chairman in a non-executive capacity). Mr. E. E. Binns, who has been head of the group's dairy division for the past eight years, will succeed Mr. Binns as group managing director from March 1, 1977. Mr. E. E. Binns is to join the Board of Associated Dairies on June 1, 1976 and will eventually assume responsibility for the group's dairy division. Mr. Binns is relinquishing his present position as managing director of Express Dairies (Northern) to take up his new appointment.

Mr. R. H. Wardle has been appointed to the Board of directors of MILLS STAPFOLD COMPANY (part of the GKN Building Supplies and Services Sub-Group). Previously marketing and planning manager for Mills, his Board responsibilities will continue to be in these two management areas.

BRITISH DEBT SERVICES has made the following appointments: Mr. C. Glynn becomes associate director and operations controller of the credit reference division and will be responsible to Mr. C. Glynn, director of operations. Mr. C. Glynn is now operations controller of the commercial status division and will be directly responsible to the managing director.

Mr. Ron Gilbert has been appointed financial director of BUDGET RENT A CAR (U.K.) to succeed Mr. Tony Clarke who will take up an appointment at Budget's headquarters in Chicago this summer.

Mr. David S. Parrott has been appointed an assistant vice president in the London Branch of the SECURITY PACIFIC BANK.

The firms of consulting actuaries of Clifford Hymans J. H. Robertson and Co. and N. D. Freethy, which have been associated for a number of years, have now merged and will practice as HYMANS/ROBERTSON AND CO. Partners of the new firm are Mr. J. C. S. Hymans, Mr. N. D. Freethy, Mr. A. D. Freethy, Mr. P. D. Eslemont, Mr. M. Arnold and Mr. D. Moakes. Mr. Peter Goddard, the senior partner of J. H. Robertson and Co. has retired but will remain associated with the new firm as a consultant.

Mr. Basil N. Eckhard, general manager of the Leicester Building Society, has been elected chairman of the MIDLANDS ASSOCIATION OF BUILDING SOCIETIES.

Penios has made the following appointments to the Board of CLIFPLANT. Mr. T. Blinning, Mr. G. Cain, Mr. P. G. Thompson, Mr. A. L. J. Thomas and Mr. B. J. Wadell.

Mr. J. Sébire, manager of

The Pahang Consolidated Company Limited
(Incorporated in England No. 89412)

The Directors of The Pahang Consolidated Company Limited announce the following:—

(A) UNAUDITED PROFIT STATEMENT FOR THE SIX MONTH PERIOD ENDED 31st JANUARY 1976		6 months to 31.1.76	6 months to 31.1.75	12 months to 31.1.75
Output—Lode Tin Concentrates Metric Tons		965	1,168	2,217
Sales—Lode Tin Concentrates Metric Tons		1,037	1,168	2,079
Average Penang Net Price of Tin Concentrates per Metric Ton		8,545	1,624	9,214
		(000's)	(000's)	(000's)
Sales of Tin Concentrates after deducting Export Duty and Surcharge		8,863	1,684	10,756
		(264)	(150)	1,929
Mining Profit/(Loss)		1,499	285	715
Dividends and Interest Receivable		(1)	(350)	(63)
Exceptional Items		1,234	235	2,304
Profit before Taxation		494	94	1,013
Less: Malaysian Taxation		1,234	235	2,304
Profit after Taxation		MS740	£141	MS1,291
Exchange Rates Applied Malaysian \$ to £1		5.262	5.564	5.388

(B) PROPOSED RECONSTRUCTION UNDER SECTION 206 OF THE COMPANIES ACT, 1948 (UNITED KINGDOM)

In the course of deliberations by the Capital Issues Committee (CIC), Malaysia upon the Company's application for listing by the Kuala Lumpur Stock Exchange Berhad of the new shares issued by way of rights in 1975, the Company has been directed, subject to the consent of the relevant authorities in the United Kingdom, to take immediate steps to submit a scheme of reconstruction with a view to forming a new Malaysian registered Company to take over the undertaking of the Company in view of the majority of the shareholders of the Company being resident in Malaysia and the Company's major activities and assets being centred in Malaysia.

Under these circumstances, the Board is of the opinion that it will be propitious both to the Company and the shareholders to transfer the domicile of the Company to Malaysia. The Board has sought professional advice and believes that the most appropriate means of effecting the proposed reconstruction will be to reconstruct the Company by means of a scheme of arrangement under Section 206 of the Companies Act, 1948 (United Kingdom) whereby the shareholders will exchange their shares in The Pahang Consolidated Company Berhad, a Company incorporated in Malaysia on 30th January, 1976 for the purpose of reconstruction.

Upon obtaining the necessary approval from the relevant authorities both in the United Kingdom and Malaysia, shareholders will be provided with full details of the proposed scheme.

(C) INTERIM DIVIDEND ON ORDINARY CAPITAL

The Board has resolved not to pay an Interim Dividend based on the results for the 6 months ended 31st January, 1976. When the proposed reconstruction has been approved by the relevant authorities and the shareholders it is the intention of the Board to consider payment of a special Interim Dividend in lieu of a Final Dividend for the financial year ending 31st July, 1976, when the passing of an Interim Dividend at this time will be taken into consideration.

BY ORDER OF THE BOARD
NG SING HWA
SECRETARY (MALAYSIA)


These securities having been sold, this announcement appears as a matter of record only.

April 27, 1976

U.S. \$10,000,000

Meidensha Electric Mfg. Co., Ltd.

94% Guaranteed Notes Due 1981



Guaranteed by

The Sumitomo Bank, Limited

Daiwa Securities Co. Ltd. Sumitomo White Weld Limited

Arab Financial Consultants Company s.a.k.

Bank of Credit and Commerce International S.A.

Manufacturers Hanover Limited

Arab Finance Corporation S.A.L. The Arab and Morgan Grenfell Finance Company Limited

Banque Arabe et Internationale d'Investissement (B.A.I.I.) Banque Bruxelles Lambert S.A.

Banque de l'Indochine et de Suez European Arab Bank (Brussels) S.A. Eurosecurities Limited

Investment and Finance Bank S.A.L. Kidder, Peabody International Kredietbank S.A. Luxembourgeoise

Kuwait International Finance Company s.a.k. (KIFCO) The National Commercial Bank (Saudi Arabia)

J. Henry Schroder & Co. S.A.L. Smith Barney, Harris Upham & Co. Swiss Bank Corporation (Overseas)

Union Bank of Switzerland (Securities) Union de Banques Arabes et Françaises — U.B.A.F.

WALL STREET OVERSEAS MARKETS

Concern over tighter money policy

BY OUR WALL STREET CORRESPONDENT

EARLY FIRMNESS gave place to a mixed trend on Wall Street today, when the dominating influence appears to be the possibility of a shift to a somewhat tighter U.S. money policy following the recent sharp rise in weekly money supply.

After opening another 1.25 up at 1,004.01, the Dow Jones Industrial Average reacted to 1,000.71 by 1 p.m. for a net loss of 3.28, but the NYSE All Common Index held a 2 cents gain at 32.84.

Closing prices and market reports were not available for this edition.

\$34.86, while advances topped declines by a six-to-five margin. Trading volume expanded 2.1 million shares to 10.3 million, compared with 8.2 million the previous day.

Among Electronics and Computers, Fairchild Camera shed 3 1/2 to 32 1/2, its first-quarter net plunged to 4 cents a share from 32 cents a year ago, before an accounting change.

General Dynamics moved ahead 3 1/2 to 56 1/2, Teletronics 3 1/2 to 52 1/2, and Rosco Resources 3 1/2 to 52 1/2.

Reporting higher earnings were Norfolk and Western Railway, up 3 1/2 to 57 1/2, and Texas Instruments, up 3 1/2 to 52 1/2.

But Consolidated Edison of New York surrendered 3 1/2 to 17 1/2, despite improved earnings.

St. Joe Minerals gave way 3 1/2 to 42, following reduced profits.

Indices

NEW YORK-DOW JONES

	April 26	April 23	April 22	April 21	April 20	April 19	High	Low	High	Low
Index	100.78(100.00)	100.77(100.00)	101.12(100.00)	100.84(99.88)	101.12(100.00)	100.84(99.88)	101.12(100.00)	100.77(99.88)	101.12(100.00)	100.77(99.88)
Home Bonds	75.47	75.82	75.80	75.81	75.81	75.81	75.80	75.81	75.81	75.81
Transport	212.45	212.16	212.48	212.83	213.51	208.51	212.48	212.16	212.48	212.16
Utilities	87.87	87.87	87.88	87.77	87.84	87.87	87.84	87.87	87.87	87.87
Shipping vol. 000's	18,520	17,800	20,220	20,000	25,560	18,500	18,520	17,800	20,220	20,000

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ING AND RAW MATERIALS

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Stiles Staff

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Potato prices up again as stocks dwindle

BY PETER BULLEN

BRITAIN HAS virtually exhausted its stocks of old potatoes. As a result, retail prices this week could well rise to over 20p a pound, imported early potatoes being 25p to 24p a pound.

The next four weeks will be the most difficult and the most expensive for consumers as the first appreciable quantities of home-grown early potatoes are not expected to be lifted until towards the end of May.

The Potato Marketing Board estimated yesterday that new potato imports could total 240,000 tons between now and mid-June, but there would be intense competition for any potatoes available on the market from other European countries.

Following the bad weather last year, potato crops across Europe were severely reduced. In some areas, there were reports of no potatoes left at all, not even on the black market, a PNB spokesman said.

This would mean strong competition from French and other Continental buyers until the first new potatoes were lifted in 1976—generally a week or so before British crops were ready.

With stocks of old potatoes dwindling, producer prices have shot up from the high levels of £200 to £250 a ton at the beginning of April to £250 this week. Wholesale prices have climbed similarly, from £55 to

£5 per 50 lbs. bag, to between £7.50 and £8, and even higher. This led to retailers in Leeds refusing to buy potatoes at all yesterday. One was quoted as saying: "It would mean selling potatoes at 25p a pound and I'm not going to do it."

Mr. Basil Goff, past president of the Retail Fruit Trade Federation, said present prices were "ridiculous." He urged housewives to buy as few as possible, to bring prices down, and suggested salad as an alternative.

Already, the high prices of potatoes have cut consumption from an average of 70,000 tons a week to about 20,000, but when the first new potato imports start coming in quantity from Cyprus and Egypt in a week or two, the worst should be over.

At least the long-term prospects for home grown potatoes look bright. Over 80 per cent of the likely acreage has been planted, compared with only a third at this time last year. The total area planted may well be over 470,000 acres eventually—36,000 more than in 1975.

There has also been a big rise in back garden and allotment plantings, the PNB estimates. Rain and warmer weather during the next week or two would give the early crop a tremendous flip, bringing the first consignments onto the market just before Whitsun.

Downturn in coffee and cocoa markets

BY RICHARD MOONEY

COCOA and coffee futures prices fell back sharply in London yesterday. The initial falls were attributed to the firmer tone of sterling coupled with the failure of the New York markets to hold their early gains.

But with both markets in a highly nervous state the downward adjustment brought in selling pressure from all directions and prices fell away dramatically.

Cocoa dealers pointed to the lack of manufacturer buying interest and signs of producer sales at recent record levels. Coffee traders, meanwhile, noted that their market was especially vulnerable to a downward reaction because of the supposed

high level of household larder stocks following recent heavy buying by housewives, particularly in the U.S.

By the close, July cocoa was quoted at £1,040.75 a tonne on the London terminal market, down £38.75 from £1,079.50. Coffee had slipped £26.5 to £1,295 a tonne.

Mr. Kwesi Hackman, executive director of the International Cocoa Organisation (ICCO) issued a statement in London yesterday urging African cocoa producers to take the opportunity to discuss the possibility of U.S. membership of the ICCO with secretary of state Dr. Henry Kissinger during his African tour.

New surge in metal prices

METAL PRICES, with the exception of the bargained ahead again on the London markets yesterday, despite the steady tone of sterling.

New waves of speculative buying, triggered by strong U.S. markets overnight, brought sharp increases in the prices of copper, lead, zinc and silver.

Copper cash wirebars in further hectic trading closed £23.75 up, at £289.75 a tonne, its highest level since June, 1974.

General uncertainty about improved demand as a result of the industrial recovery kept buying interest at a greater level than profit-taking selling.

Lead was boosted by reports of physical purchases in the U.S., the cash price jumping by 12 to £225 a tonne, the highest level since May, 1974. Cash zinc, too, gained £11.5 to £245.1 a tonne.

Heavy selling, believed to be on behalf of the U.S. Government, depressed tin prices against the general trend.

The market has a firm undertone, however, with the Straits tin price up overnight and the London market closing at 100 to Bolivia's decision not to sign the new Tin Agreement unless the price surge is raised.

Silver prices moved up sharply in heavy trading, reflecting higher values in the U.S. and the general upward trend in base metals.

The London bullion spot quotation was raised by 7.7p, to 255.5p an ounce, and made the market at the time they have to match those being paid for British supplies.

At the moment, though, they could be a limiting factor in further rises for British grain. Quoted this last week, have been in the region of £73 per ton c.i.f. for denaturable wheat, which would seem to put a ceiling on prices that a port com-

Brazil turns down sugar imports

RIO DE JANEIRO, April 27.

BRAZIL HAS turned down an offer to import sugar from the Dominican Republic, Sugar and Alcohol Institute (IAA) sources said here, reports Reuters. They said a two-man mission from the Dominican Republic discussed the possibility of selling sugar to Brazil with the IAA last Friday.

But Brazil does not wish or need to import sugar at the moment, the sources stated.

World sugar values did not follow the downturn affecting other "soft" commodity markets in London yesterday. The rise in sterling led to a hesitant opening on the sugar terminal market but buying support found sellers reserved and futures ended the day slightly higher.

U.K. GRAIN MARKET

New price increases likely

BY JOHN KERRINGTON, AGRICULTURE CORRESPONDENT

THERE IS every sign that users of British grain are going to face an expensive and possibly difficult period before the first of the new crop barley is harvested in July.

Market prices for both feed wheat and barley are already well over £70 per ton and could rise to £75 up to £10 in a few weeks—before the market steadies.

Prices of compound feeding stuffs have yet to reflect this rise in full, nor have they reflected the imposition of EEC levies on certain proteins.

The reason for this sudden price surge, which seems to have taken many traders by surprise, has been the belated realisation that the U.K. harvest in 1975 was particularly bad, and that the deficit of 2.5m tons, compared with 1974 output, was aggravated by the export of 750,000 tons more grain, mainly barley, than in the previous year.

This meant an overall reduction in the availability of home-grown grain of 20 per cent, below the 16.2m tons harvested in 1974.

Last year's grain production in the Community as a whole, including the U.K., was down by nearly 13m. tons, or 11 per cent, below 1974, and about 8m. tons less than in 1973, a more normal year.

This probably explains the recent surge in prices in the main European countries. After drifting at or just above the intervention levels for most of the winter, they are now 9 to 15 per cent above them.

Prices of EEC grain delivered to the U.K. are generally governed by the state of the market at the time they have to match those being paid for British supplies.

At the moment, though, they could be a limiting factor in further rises for British grain. Quoted this last week, have been in the region of £73 per ton c.i.f. for denaturable wheat, which would seem to put a ceiling on prices that a port com-

pounder would say for home grain supplies still on the farm.

What these supplies amount to is really anyone's guess. The Ministry of Agriculture estimate, based on a sample survey at the end of February, is that they are 1.73m. tons lower than the year before. It could well be, though, that there has been a rather higher usage than last year.

Compound production is rising

Russia buys Canadian wheat

The Canadian Wheat Board last night announced the sale of 2m. long tons of wheat to the Soviet Union, reports Reuters from Winnipeg.

Shipments under the new contract, consisting of No. 1 and No. 2 Western Red Spring wheat and quantities of Western Amber durum wheat, will be from West Coast and St. Lawrence ports during the 1976-77 crop year. The contract includes an option providing for shipment of part of the amount to Cuba in the form of wheat or flour, or both.

This is the first major new purchase of wheat by the Soviet Union for some time, although there have been constant rumours of negotiations going on with the major U.S. grain companies. It was generally expected that the Soviet Union would be in the market for extra supplies once the port congestion and pressure on transport and storage facilities created by previous imports, had eased.

The U.S. is anticipating further substantial purchases of 1975 crop maize, and early new-crop wheat, by the Soviet Union before the five year grain trade deal between them comes into effect from October this year.

slightly, after showing a falling trend, and the quantities of their own barley which farmers are feeding to beef cattle could well be up, due to the much better market for finished animals. It is doubtful if any higher prices would tempt much more grain to the market.

This particular squeeze seems to be principally affecting Western Europe. World stocks of grain are at present overvalued by 20 per cent, were to be substantially devalued, this would have the immediate effect of raising the intervention price by this proportion.

ex-farm. But this is a volatile and rather narrow market.

The basis for the speculation is the present fall in sterling, which traders think must mean an eventual devaluation of the "green pound."

The grain market will be supported by a substantially higher basic intervention price for next year as a result of the recent Brussels price review. If the new crop grain at present overvalued by 20 per cent, were to be substantially devalued, this would have the immediate effect of raising the intervention price by this proportion.

New straw plants planned

BY OUR COMMODITIES EDITOR

BOCM SILCOCK, the Unilever group subsidiary, is to spend over £1m on establishing two new plants for processing "waste" straw into an alternative raw material for use in animal feed compounds, it was announced yesterday.

This follows the success of the first plant for upgrading straw at Kimbilton, Cambridgeshire, opened a year ago.

One of the new plants at Stanton, Suffolk, will be the second in the amount as at Kimbilton—25,000 tons of straw per year.

N.Z. get-tough trade plan

TOKYO, April 27.

NEW ZEALAND hoped to use its 200-mile fishing limit as a bargaining counter in future trade negotiations with Japan, Mr. R. D. Muldoon, the Prime Minister, said at a luncheon meeting with the Japanese National Press Club today.

Mr. Muldoon made no attempt to hide his dissatisfaction with Japan's import policies on dairy products and beef, though he had been encouraged to expand export processing output as a result of good demand for the end product.

He had explained to Japan's Prime Minister, Mr. Takeo Miki,

and others that trade could not be hived off into separate compartments in future, meaning "here is a deal on iron sands, here is a deal on forestry, and here is a deal on agriculture." Instead, there would have to be package deals. If the Japanese wished to fish in New Zealand's soon-to-be-proclaimed 200-mile zone ("one of the richest areas of the world's sea"), then Japan must expect to have trade concessions on farm produce.

MODITY MARKET REPORTS AND PRICES

Table with 4 columns: Commodity, Unit, Price, and Change. Includes sections for Metals, Grains, and Rubber.

MEAT/VEGETABLES

Table with 4 columns: Commodity, Unit, Price, and Change. Includes sections for Meat and Vegetables.

PRICE CHANGES

Table with 4 columns: Commodity, Unit, Price, and Change. Lists various price adjustments.

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lies of the River Tamar providing an average non per annum. Farm accommodation lands of about 428 acres with vacant possession. The present let, totalling about 190 acres and £1,892 per annum.

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COFFEE

Table with 4 columns: Commodity, Unit, Price, and Change. Includes sections for Coffee and Soybean Meal.

U.S. Markets

Table with 4 columns: Commodity, Unit, Price, and Change. Includes sections for Limit gains in cocoa and coffee.

HOUSES

ON, N.2
in-style residence
backing on to
to 4 Courty. 7 bed-
rooms, 3 fine
soms, domestic
staff flat over
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G.R. 275

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GRAINS

Table with 4 columns: Commodity, Unit, Price, and Change. Includes sections for Grains and Wool Futures.

FINANCIAL TIMES

Table with 4 columns: Commodity, Unit, Price, and Change. Includes sections for Jute and Cotton.

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FT SHARE INFORMATION SERVICE

CANADIANS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Bank of Montreal	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of Toronto	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of Nova Scotia	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of New Brunswick	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of New South Wales	100.00	+0.50	4.50	100.00	4.50

BUILDING INDUSTRY—Continued

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Canadian National	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Canadian Pacific	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Canadian National	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Canadian Pacific	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Canadian National	100.00	+0.50	4.50	100.00	4.50

DRAPERY AND STORES—Continued

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Woolworth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Woolworth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Woolworth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Woolworth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Woolworth	100.00	+0.50	4.50	100.00	4.50

ENGINEERING—Continued

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	General Electric	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	General Electric	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	General Electric	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	General Electric	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	General Electric	100.00	+0.50	4.50	100.00	4.50

HOTELS—Continued

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Hotel New York	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotel New York	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotel New York	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotel New York	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotel New York	100.00	+0.50	4.50	100.00	4.50

INDUSTRIALS (Miscel.)

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Alcoa	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Alcoa	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Alcoa	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Alcoa	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Alcoa	100.00	+0.50	4.50	100.00	4.50

**BRITISH FUNDS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	British Fund	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	British Fund	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	British Fund	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	British Fund	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	British Fund	100.00	+0.50	4.50	100.00	4.50

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Bank of America	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of America	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of America	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of America	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Bank of America	100.00	+0.50	4.50	100.00	4.50

ELECTRICAL AND RADIO

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Radio Shack	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Radio Shack	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Radio Shack	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Radio Shack	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Radio Shack	100.00	+0.50	4.50	100.00	4.50

CHEMICALS, PLASTICS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Dow Chemical	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Dow Chemical	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Dow Chemical	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Dow Chemical	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Dow Chemical	100.00	+0.50	4.50	100.00	4.50

ENGINEERING, MACHINE TOOLS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Machine Tools	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Machine Tools	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Machine Tools	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Machine Tools	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Machine Tools	100.00	+0.50	4.50	100.00	4.50

FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Food Groceries	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Food Groceries	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Food Groceries	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Food Groceries	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Food Groceries	100.00	+0.50	4.50	100.00	4.50

BEERS, WINES AND SPIRITS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Beers Wines	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Beers Wines	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Beers Wines	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Beers Wines	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Beers Wines	100.00	+0.50	4.50	100.00	4.50

BUILDING INDUSTRY, TIMBER & ROADS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Building Ind	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Building Ind	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Building Ind	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Building Ind	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Building Ind	100.00	+0.50	4.50	100.00	4.50

DRAPERY AND STORES

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Drapery Stores	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Drapery Stores	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Drapery Stores	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Drapery Stores	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Drapery Stores	100.00	+0.50	4.50	100.00	4.50

HOTELS AND CATERERS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Hotels Caterers	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotels Caterers	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotels Caterers	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotels Caterers	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Hotels Caterers	100.00	+0.50	4.50	100.00	4.50

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Commonwealth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Commonwealth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Commonwealth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Commonwealth	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Commonwealth	100.00	+0.50	4.50	100.00	4.50

LOANS (Miscel.)

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Loans Miscel	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Loans Miscel	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Loans Miscel	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Loans Miscel	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Loans Miscel	100.00	+0.50	4.50	100.00	4.50

FOREIGN BONDS & RAILS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Foreign Bonds	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Foreign Bonds	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Foreign Bonds	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Foreign Bonds	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Foreign Bonds	100.00	+0.50	4.50	100.00	4.50

AMERICANS

High	Low	Stock	Price	Change	Yield	Div	Yield
100.00	99.50	Americans	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Americans	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Americans	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Americans	100.00	+0.50	4.50	100.00	4.50
100.00	99.50	Americans	100.00	+0.50	4.50	100.00	4.50

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FINANCIAL TIMES

Wednesday April 28 1976

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International plans to close 351 shops

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

INTERNATIONAL STORES, the grocery chain bought by British-American Tobacco in 1972, is to close about 40 per cent of its branches over the next nine months.

By the end of this year it plans to have closed 351 of its 828 shops, together with three retail depots. About 4,000 of the 17,500 work force will lose their jobs.

The closures following the sale of 300 shops last year and will mean that by the end of this year only 477 of the 1,172 grocery stores acquired by BAT are still trading.

When BAT bought International, the stores group was making a trading profit of about £2.2m. In the year to September 1975, net profit after tax had fallen to £1.3m and in the first four months of this financial year the company has lost £800,000.

The company which had a turnover last year of £21m has told staff that it has no alternative but to close many smaller stores.

"Despite an extremely large turnover, no money is being made and with escalating costs the position can only become more serious unless successful remedies can be applied," it told them.

The company said that if the closure programme is carried through International will be

able to get back into profit this year.

All the money realised through sale of shops will be ploughed back into the business. In all, the company intends to "re-cycle" £30m. between now, and December 1977 by selling shops and other property interests.

Main problem

International's problem is that it has too many small shops. Its average store size is only 2,400 square feet, compared with 4,500 square feet for an average Fine Fare and 7,000 square feet for an average Tesco.

Roots of the problem go back to the 1960s when the company failed to build larger stores at a time when other groups were expanding fast. As a result Tesco overtook International in terms of sales and International is now only the fourth or fifth largest grocery chain in the country.

In 1972 the company, then operating 935 branches, was bought by BAT as part of plans to diversify into retailing. The following year BAT bought the ailing Pricerite chain and since then it has acquired about 100 other stores as well as building some larger ones of its own.

Throughout this period, however, the emphasis has been on closures and rationalisation and

now the great majority of its shops trade under the International name.

Plans have been implemented to cut central administration staff by 15 per cent.

Three of the company's nine retail depots will be closed and some others will be converted from stockholding points into other kinds of depots.

Closure of depots is a consequence of the store closure programme which will be spread throughout the country and will lead to a considerable drop in International's turnover in the short term.

In the longer term the company hopes to make up this loss of sales by investing in more profitable larger stores. International, still discussing closures with the unions, said yesterday that although about 4,000 people would lose their jobs, the grocery industry traditionally had a high rate of labour turnover.

During the past year all the big grocery retailing chains have been closing small shops.

The following year BAT bought the ailing Pricerite chain and since then it has acquired about 100 other stores as well as building some larger ones of its own.

Throughout this period, however, the emphasis has been on closures and rationalisation and

Moderates make new advances in AUEW polls

BY ALAN PIKE, LABOUR STAFF

MODERATE candidates made fresh advances in Amalgamated Union of Engineering Workers elections declared yesterday, leaving Left-wingers consolidating themselves with a handful of individual results which defy the general trend.

In the most eagerly anticipated result, Left-wing executive member Mr. Bob Wright, who failed last year in efforts to become general secretary and later to hold his present executive seat, came second in a field of 14 candidates for a vacancy as one of the union's two assistant general secretaries.

He polled 63,723 compared with 82,094 for Mr. John Weasley, the British Leyland Liaison Officer, who attracted maximum Right-wing support.

Mr. Weasley, who last year successfully challenged attempts to end the AUEW's postal ballot system of electing officials in the High Court, will now face Mr. Wright in a second round, with all other candidates eliminated, in October.

Until his election defeats last year, Mr. Wright was regarded as the obvious Left-wing candidate to succeed Mr. Hugh Scanlon as president of the union. But unless he recovers ground in the second ballot he will leave the union's service when his executive term expires in September.

He can draw some comfort from the fact that he has been beaten by a narrower margin than in his previous defeats and his supporters are beginning campaigning for more than 110,000 votes cast for the 12 eliminated candidates in the first round.

Challenger

The nearest challenger to Mr. Weasley and Mr. Wright is Mr. George Gray, from Tyne-side, who polled 31,019, while Mr. Les Elmdon, a Trotskyist, attracted 7,584 votes.

In a vacancy for the North-Western seat on the seven-member executive, Mr. Gerry Russell, Liverpool-based, a divisional organiser, has a narrow victory of 15,558 to 14,996 over Mr. Harry Banks, divisional organiser at Preston.

Both men are regarded as middle-of-the-road politically, but Mr. Russell probably gained the advantage of some Left-wing votes after the defeat of the Left-wing candidate in the first round.

On a regional level, however, particularly in the Midlands, the Left-wings suffered some serious losses. Mr. Fred Griffiths, divisional organiser based in Birmingham, who won the post for the Left-wing three years ago, went down by 6,540 votes to 19,215. Mr. Bill Jordan, one of the most vocal Right-wingers on the policy-making AUEW executive,

ling section national committee. Also in Birmingham, Mr. Brian Chambers, a Left-winger who became West Birmingham district secretary three years ago, lost the job to Mr. Bert Benson, a moderate, 1,995 to 4,632.

Vacancies due to retirement of two other leading national committee moderates into full-time office—Mr. Philip Povey as Midlands regional officer and Mr. Jim Griffin as assistant divisional organiser in Coventry.

Mr. Povey beat his challenger Mr. Jack Dickens by 29,437 to 13,788, while Mr. Griffin, with 10,419 votes, had a majority over five rivals and was declared elected on the first ballot.

While moderates are naturally pleased at the election victories, they will, as a result, lose some of their leading spokesmen on the national committee.

The main comfort for the Left-wing in yesterday's elections comes in Ireland and Scotland. Left-winger Mr. James Graham becomes divisional organiser based in Belfast, beating Mr. Samuel McKinney by 2,334 votes to 2,018.

In a fight for Scottish divisional organiser, Mr. Jimmy Reid, a Communist Party member until his resignation earlier this year, topped the first ballot with 13,359 votes. In a second round, he will face Mr. Alan Hume, a moderate, who polled 9,662.

Success

A similar first-round success came for Left-winger Mr. Cliff Arrowsmith, who topped the poll with 3,464 for assistant divisional organiser in the West of England and now goes to second ballot.

As expected, Mr. Jim Bradley, moderate, held his post of national organiser with 173,206 votes against 63,038 for his Left-wing opponent, Mr. Phil Higgins.

Business unity 'possible'

The view that the Scottish Chambers of Commerce and the CBI had some common ground on which they might collaborate and speak with a single, more powerful voice, was expressed by Mr. Alan H. P. Ramsay, retiring president of the Dundee and Kirriemuir Chambers of Commerce.

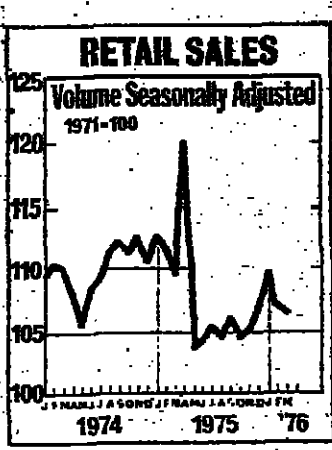
At the annual general meeting he said although he knew that such collaboration could take some time to negotiate, he could "report no progress so far."

Mr. T. A. C. Keay was elected president of the Chamber.

THE LEX COLUMN

Marks struggles for growth

Index rose 4.8 to 409.9



The securities markets continued to reflect the fortunes of sterling yesterday, with gilts staging a reasonable rally—some longs were up over a point. Much of the interest in gilts centred on whether the Government broker would reactivate the short tap at around 3 points below his last selling level. In the event he failed to respond to bids from the market, which may indicate that the authorities are not yet convinced that short-term interest rates are stable enough to provide a base for funding operations. But conditions in the money market were calmer.

Marks & Spencer

Marks and Spencer has yet again confounded the sceptics by increasing its profits by £1.9m. to £83.7m. pre-tax in the year to March even after an £8.7m. increase in pension payments. However, all of the gains effectively came in the first-half of the year.

The small rise in the second six months is explained by an extra week's trading. Indeed on an adjusted basis, the rate of sales growth slowed from 24 per cent to just over 12 per cent between the halves with the south-east suffering more than the north.

The group still seems to have been achieving some increase in market share and over the year as a whole, volume gains are claimed to be about 7 per cent. In clothing and around 4 per cent. for foods. And although during the second half gross margins recovered some of the ground lost during last summer's stock reduction drive, the pressures have continued at the net level. There has been a fall of nearly 14 points to 101 per cent. in the U.K. net return after a 25 per cent. increase in payroll costs, though there are hopes of recouping some of this in the current year with the major cost rises out of the way.

The picture is likely to remain dull overseas, however, M and S lost £2.46m. on the Continent in 1975, and although the Paris store is now trading profitably and the Brussels branch's results are improving, the latter is still losing money and the Lyons unit is still at an early stage. So given the decision to spread certain development and start-up costs over three years, the Continental operation is unlikely to be profitable until 1977. Similarly, the re-organisation of the Canadian operation, which made a profit of £425,000 in just

over seven months of 1975-76, will not come through until next year.

Back in the U.K., no one is assuming any easing of the pressures on consumer spending until at least the autumn. So it is hard to generate any enthusiasm yet about the retailing sector as a whole—and there is not much scope for improving the group's relative rating with a p/e of 16.7 at 98p.

Selection Trust

After RTZ and Consolidated Goldfields a year ago, Selection Trust is the third of the mining finance houses to go for a rights issue—in this case a two-for-nine offer at 400p to raise just over £20m. Selection Trust is being rather more specific about the uses of the cash than the other two—with its share in the Agnew nickel project in Australia likely to absorb over £430m. in the next two or three years, while development work of £313m. is planned for the half-owned Detour discovery in Quebec.

The group argues that it must increase its U.K. capital base in order to undertake further foreign currency borrowings—already up from £37m. to £53m. in sterling terms in the year ended last month. And it adds that financing new developments by selling assets on a large scale might erode the security for existing currency debt. The argument hangs on whether ST's new projects are going to galvanise a long term record which shows little growth in assets or earnings per share since the 1960s, with further near stagnation indicated for the third quarter.

In fact ST's prospects are interesting but only on a fairly 11 or less for the year.

long time scale and it is being launched on cautious terms, with a of 30 per cent on night's price, against 1 per cent in the case last week, for instance, reflect the uncertainty in the market's ability to stock on a p/e of well over an ex rights yield per cent. But at this there should be no pro

Tozer Kemsley

Tozer Kemsley's com months ago about the suits has turned out more reliable guide to come than its last November as pre-tax of the year are £550,000 £3.47m. In particular, and confirming, pro better than expected, "unusually high" con from overseas properties. The setback on the pulp side has been limited to about £2.79m. following a ment towards the Elsewhere, importing tributing is back in after losses of £660 BMW sales roughly a and Mazda doing well.

So far this year, real areas of concern textile importing and tinued had debt on North America: all c sions are moving a first quarter profits stantly up. The si reflected the increa mism with a rise of half since November where a capital £16.5m. is beginning more to the long-term record than the setb 18 months to mid-197

EMI

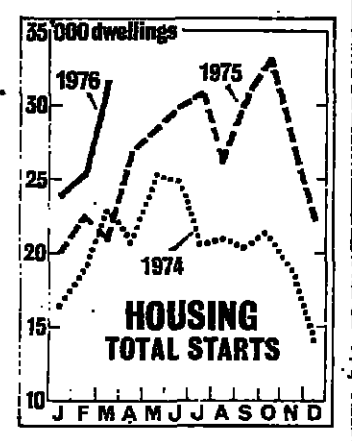
EMI has underper market by a tenth interim figures 1981 during which time Electric of the U.S. given details of its full-body scanner. T sends the most formi petition to date. But that its order intake strong as ever, and be getting close to development by the gets into full pro 1977. Meanwhile a v profits performance Capitol in the seas third quarter reini view that EMI is or 11 or less for the year.

House-building rise again in March

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE IMPROVEMENT in house-building activity continued in March, with private housing starts reaching their highest level since 1973.

The all-round picture on the housing front now looks reasonably encouraging, though there remain widespread doubts about how long the gradual recovery will continue.



No major upturn

Recent figures on the state of the housing industry's order books provide no indication that a major upturn in activity is round the corner. A modest increase for the year is all that is generally expected. Last year's total housing starts reached 321,000 while the number of homes made ready for occupation came to 311,000.

March was a fairly buoyant month. According to provisional figures from the Department of the Environment, a start was made on 15,500 private homes, making it the best month on record for over two years. In March last year private starts amounted to only 9,700 and this February they reached only 10,400.

A seasonal upturn in private housing work would in a case now be expected but with building society lending reaching record levels, it seems there is growing confidence among some builders. Those building at the lower end of the market are known to be experiencing high sales and output is being stepped up.

In the council housing field, where output has been consistently higher than in the private sector for some time, a further 16,000 homes entered the construction stage, an increase of nearly 5,000 on the same month last year and 1,200 up on February. The combined total of private and local authority starts was 31,500, a rise of 10,000 over March 1975, and 6,000 up on the previous month.

Council house boost

The total number of homes completed last month also took a big leap compared with the low output figures in the first two months of the year, although

the performance was only on a par with the levels towards the end of 1975.

According to the Department 15,500 council homes were completed in March, compared with 13,000 a year earlier and 12,500 this February. At the same time, 12,500 more private homes were completed and came on to the market, a rise of 1,800 from March 1975 and of 1,700 from February this year. At 28,000, the total number of house completions was a little over 4,000 higher than in February and nearly 5,000 higher than in January.

In the first three months of this year housing starts were an estimated 3 per cent. up on the last quarter of 1975 and 20 per cent. higher than in the same period of last year. Completions were down by 2 per cent. in the last three months of 1975 but still 6 per cent. up on the first quarter of last year.

House renovation grants for an estimated 46,000 homes were approved in the first three months of this year, compared with 44,000 in the same quarter of 1975, the Department said.

New chief for Bow Group

THE Conservative Bow Group's chairman is to be Mr. Ian Clarke, a consultant statistician who successfully fought Coventry North East for the Tories in the General Election.

NY Stock Exchange chief quits

By Jurek Martin, U.S. Editor

WASHINGTON, April 27.

MR. JAMES J. NEEDHAM abruptly resigned today as chairman of the New York Stock Exchange. He is to be replaced next month by Mr. William Batten, a 65-year-old public director of NYSE and a former chief executive of J. C. Penney, the department store chain.

There were no clues either in the official announcement or at a Press conference as to why Mr. Needham had given up the post he had held since 1972 as the first full-time salaried chairman of the Board. He merely said it was "time to change the guard."

He said he had declined an offer to stay on as president but denied being forced out. He had first discussed leaving several months ago and at one stage Mr. Batten had been asked to succeed him, but had refused, but had now changed his mind.

Mr. Needham would not say what he planned to do next. Wall Street was taken aback by the news. But on reflection several brokers suggested that although there had been no recent rumours that Mr. Needham was about to go, the respect and authority that he commanded on Wall Street and in Washington had been sharply eroded in the last couple of years.

What has happened is that he had run up against—and more often than not lost to—key elements of the power structure which dominates the industry. He was not winning his battles with the Securities and Exchange Commission in Washington. He had fought against the onset of negotiated commission rates and was bitterly opposed to the SEC flat expanding "off board" trading by NYSE members in listed stocks. He has also had differences with the SEC whether foreign brokers should be admitted to NYSE membership.

As recently as April 8, he attacked the central market system that the SEC favours as "a concept without a workable plan for implementation," arguing that it would mean the destruction of the competitive auction market as it traditionally existed and would result in the concentration of power in the hands of a couple of dozen major dealers.

Equally influential houses like Merrill Lynch believe that Mr. Needham had failed to move with the times. Its plan, unveiled last October, for a radically new trading system built round a national electronic market network was seen as a frontal assault on the existence of the NYSE itself and all the other regional exchanges.

Other, more traditional members of the brokerage profession argued that Mr. Needham had neglected to confront what they feel to be inroads into their authority made lately by the commercial banks in what some brokers believe to be a direct violation of the Glass-Steagall Act.

The chairman was, therefore, in the private conversations of Wall Street being hung as both impossible so far to unearth sheep and lamb. But it has been evidence of a concerted effort to oust him, which is why his resignation today came as such a surprise.

Nor is there unanimity of opinion today on what the onset of Mr. Batten will do for the stock exchange. He is widely respected in both the financial and industrial communities but, in view of his age, his chairmanship will probably be an interim one.

Polaroid to take Kodak to court in battle over instant camera

BY DAVID BELL

THE BATTLE for the instant camera market was joined in court today when Polaroid announced that it is taking Eastman Kodak, which unveiled its own range of instant cameras less than a week ago, to court over 10 alleged patent infringements.

A spokesman for Polaroid said today that the company filed a suit in Boston yesterday charging that Kodak has infringed four U.S. patents covering design of the cameras and a full range of which relate to instant film technology.

He declined to be more specific about charges and a Kodak spokesman was not available for comment, but said he felt on news of the law suit.

Polaroid, which developed the instant camera and has been awaiting a Kodak challenge with

some trepidation for years, has protected its instant camera technology with patents in many parts of the world.

A spokesman said that it is fully covered by British patents but the new Kodak cameras so far have been launched only in North America and are not expected to go on sale overseas until next year.

Kodak has refused to discuss development costs of its new range of three instant cameras but most analysts reckon that it has spent at least as much as the \$600m. which Polaroid spent on its new SX70 camera, which now sells at the rate of a million units a year.

Last year Polaroid had sales of about \$800m. compared with Kodak sales of about \$5bn.

The instant camera market is a large one and Kodak said last week that it expects to sell up to 2m. instant cameras in the first year, partly because the Kodak cameras have a definite pricing edge.

In other respects, as camera industry observers noted last week, the Kodak and Polaroid products have a number of similarities and it is this which may have moved Polaroid to go to court.

In particular, according to most observers, the process used to develop the film is very similar. Both companies use rollers which squeeze out an activating chemical beneath the cover of the film's multi-layered "sandwich" which acts as a sort of instant darkroom for each print.

Pay beds Bill would resolve 'cancerous divide,' says Ennals

BY PHILIP RAWSTORNE

THE GOVERNMENT'S Bill to phase out pay beds would resolve a "cancerous divide" in the National Health Service, Mr. David Ennals, Secretary for Social Services, told the Commons yesterday.

Condemning industrial action by both doctors and ancillary workers, he said the Government's legislation was the only solution that would end conflict within the NHS and restore its common sense of purpose.

Mr. Ennals, opening the second reading debate on the Health Services Bill, claimed that it struck a "fair compromise" by phasing out pay-beds at a rate which would give the medical profession time to make adjustments in the private sector.

Offering further talks on the location of the first 1,000 beds to be withdrawn, he declared: "Our policy is for the separa-

tion of private medicine—not its abolition."

Mr. Ennals estimated that by 1980, the Government's action would cost the NHS about £20m. in lost income, but he said that this would be far outweighed by the benefits. Resources and staff equal to those needed to run three or four district general hospitals would be released and waiting times would eventually be reduced.

But Mr. Patrick Jenkin, Conservative spokesman, claimed that the policy would inevitably damage the NHS and harm its patients. The service would lose £40m. in 1980, as well as some of its best doctors, he argued.

Donald Maclean, writer: Three busloads of workers in various medical fields yesterday lobbied MPs at Westminster on the occasion of the second reading of the Bill.

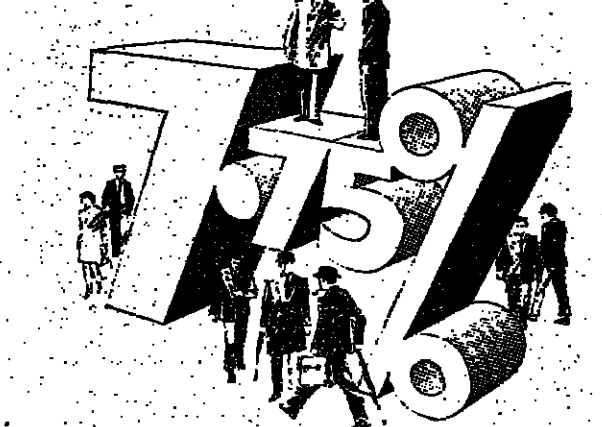
The St. Mary's group of hospitals in Paddington, but since they are electors in various constituencies outside London, they were received by a number of MPs.

According to latest Government estimates, the additional payments agreed for the junior hospital doctors will cost about £28m. instead of the £14.2m. originally envisaged by the Pay Review Body. Mr. Ennals told the Commons.

In an exchange with Mr. Jenkin, who complained of the "staggering increase" in the original estimate, he made it clear that the health authorities will have to meet the extra costs out of their own funds.

"It is for the authorities themselves to decide on the priorities in their expenditure," said Mr. Ennals.

What sort of professional man seek

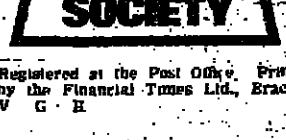


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